

Internship Report
On
An Analysis of Financial Performance and Foreign
Exchange Activities of Uttara Bank Limited

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On
An Analysis of Financial Performance and Foreign Exchange Activities of
Uttara Bank Limited

Course Name: Internship (BUS-699)

Submitted to:

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BRAC UNIVERSITY

Date of Submission: September 18, 2012

LETTER OF TRANSMITTAL

Date: September 18, 2012

Ms. Sharmin Shabnam Rahman
Lecturer
BRAC Business School
BRAC University

Subject: Submission of the internship report.

Dear Madam,

I am pleased to present the final internship report on “An Analysis of Financial Performance and Foreign Exchange Activities of Uttara Bank Limited” prepared as per the requirement of MBA program.

This report is extremely valuable to me as it has helped me to gain practical experience regarding foreign exchange activities. My internship with Uttara Bank Limited has been a worthwhile experience and the exposure to such organization is definite value to me.

I sincerely hope that this report will meet your expectations. If you have any queries regarding this report, please let me informed.

Sincerely Yours,

.....

Md. Romman Islam
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PREFACE

An Internship Program is very much effective for a student to get the practical knowledge. This program makes an opportunity for conversion of the practical conception in real life situation. Student can get real life test and can compare the knowledge with real situation. It is a great opportunity for a student to understand the current market.

The present report is the outcome of the internship program under the Master of Business Administration (MBA) program at the BRAC Business School, BRAC University. I was assigned for doing my internship in Uttara Bank Limited (Foreign Exchange Branch) for the period of three months starting from June 04, 2012 to September 03, 2012. The objectives of internship program were to familiarize the student with the practical implementation of the knowledge provides the theoretical aspect of the practical life that is implements in the practical life. Hence, the internship program works as link between the theory & the practice.

It's my pleasure to submit my internship report titled "An Analysis of Financial Performance and Foreign Exchange Activities of Uttara Bank Limited." While preparing this report, I have tried to gather as much information as possible and to gather all the information pertaining the report to enrich it. I believe that it was a fascination experience to work live in the Banking sector and it has enriched both my knowledge & experience.

There might have problems regarding lack & limitations in some aspects & some minor mistakes such as typing mistakes. Please pardon me for those mistakes.

(Md. Romman Islam)

ACKNOWLEDGEMENT

At first, I would like to express my gratitude to almighty Allah for enabling me the strength and opportunity to complete the report in the schedule time successfully. I am taking this privilege to deliver my gratefulness to each and every people who are involved with me in every phase of our lives.

I am grateful to my parents without whom I cannot be here. They were beside me in every single situation and are still with me. Without the support of my parents, I could not be able to achieve my objectives and goals.

Then I am deeply grateful to my supervisor Ms. Sharmin Shabnam Rahman (Lecturer, BRAC Business School, BRAC University) for her stimulating inspiration, kind guidance, valuable suggestions and sagacious advice during my internship period. Her suggestions & guidance have made the report a good manner.

I express my sincere gratitude to Mr. Shaikh Abdul Aziz (Managing Director, UBL) to give me the opportunity to proceed on my internship in Uttara Bank Limited. I also express my heartiest gratitude to Mr. Md. Serajul Islam (AGM & Manager, F.Ex Branch), Mr. Md. Habibur Rahman (S.P.O, F.Ex Branch), Mr. Md. Muzibar Rahman (R.M, F.Ex Branch), Ms. Shahnaz Parvin (P.O & F.Ex. Incharge, F.Ex. Branch), and Ms. Nazneen Hossain (S.O, F. Ex. Branch) for their cordial attitude & extending help which make me able to prepare my internship report properly.

It will be ungrateful if I don't mention the name of Mr. A.K.M Oliullah (S.O, F.Ex Branch)), Mr. Asad Al Razi (S.O, F.Ex Branch) and Mr. Kamrul Hasan Khan (O.G- II, F.Ex Branch) who helped me a lot while working in Uttara Bank Limited. My special thanks to other officers of Uttara Bank Limited for giving me their valuable time.

EXECUTIVE SUMMARY

This internship report has been prepared as a part of an MBA program. This report contains the facts related to a particular organization in which the student was authorized to do internship on a three months basis. Supervisors, both from the university and from the organization, guided the student in writing this report. I was assigned for doing internship in Uttara Bank Limited for the time period starting from June 04, 2012 to September 03, 2012. During the internship at Foreign Exchange Branch of Uttara Bank Limited, I worked under all departments of the bank. My project was “An Analysis of Financial Performance and Foreign Exchange Activities of Uttara Bank Limited”, which has chosen with the consent of honorable supervisor Ms. Sharmin Shabnam Rahman. Both the primary and secondary sources of data had been used in preparing this report.

The rationale behind this study is exploring performance of Uttara Bank Limited which is reflected on its financial statement, foreign exchange activities and to provide some comments to improve its banking business. The analysis includes the horizontal (trend) analysis and ratio analysis of UBL’s past five years performance results. The study also includes foreign exchange activities of Uttara Bank Limited.

The report is divided into the following seven parts- Introduction, Organization Overview, About Job, An Analysis of Financial Performance, Foreign Exchange Activities of Uttara Bank Limited, SWOT Analysis and Concluding Remarks. Introduction section deals with some elementary issues regarding the background and the process of preparing this report. The next section following the introduction helps to know the brief history of Uttara Bank Limited. Further, it focuses on the services provided by Uttara Bank Limited. Third section of this report is about job where I am doing my internship program for three months. It focuses on my work in this period.

An Analysis of Financial performance is the most crucial section which covers important finding of the study. Horizontal (trend) analysis and key financial ratio analysis tools are to assess the financial performance of the bank. Foreign Exchange Activities is also major part of this report.

Foreign exchange activities include how Uttara Bank Limited operates their foreign exchange operation in their day by day.

Next section is SWOT analysis which includes strengths, weaknesses, opportunities and threats of the Uttara Bank Limited. Final section shows findings, suggests some areas of perfection and draws a conclusion.

The study finds that almost all the performance measures show good performance on the part of Uttara Bank Limited. Banks riskiness measurements showed that Uttara Bank Limited is in a safe situation. Horizontal analysis of total operating expenses shows increasing trend year by year. Horizontal analysis of net profit shows also increasing trend year by year.

UBL's Foreign Exchange Branch provides L/C facilities to its importers and exporters through establishment of correspondent relations and Nostro Accounts with leading banks all over the world. It also performs effectively Finance and Loans, Export Import Trade Finance, Corporate Finance, Industrial Finance, Lease Finance, Commercial Loans, Project Finance, Retail Loans, Mortgage Loans, Loan against Share and Securities etc. UBL's Foreign Exchange branch also provides the general banking service to the customer such as different categories of savings schemes, foreign exchange transactions, current account for business personnel etc.

At the time of my work at the branch I have understood the gap between the practical and theoretical knowledge. I have tried to cover all aspects of Uttara Bank Limited to prepare an effective and useful report. There are a lot of opportunities for further study to justify the reliability of the report. I have enjoyed every step in conducting the study. These practical knowledge and experience will help me in my practical life. I expect that this report will be accepted as a true picture of private banking sector in Bangladesh.

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Chapter One

Introduction

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

It is very important to have a practical application of the knowledge acquired from any academic course of the study. Because only a lot of theoretical knowledge will become fruitless if is not applied in the practical life. So I need proper application of my knowledge to get some benefit from my theoretical knowledge to make it more fruitful. Such an application can be possible through internship.

The internship program exercise a significant importance as it enables a student to familiar with the practical business activities. The student work closing with the people of an organization and learn about the function of that organization. These programs enable a student to develop his/her analytical skills and scholastic aptitude.

As part of the Internship program of Master of Business Administration course requirement, I was assigned for doing my internship in Uttara Bank Limited for the period of three months starting from June 04, 2012 to September 03, 2012. During my intern period in the Uttara Bank Limited, Foreign Exchange Branch, I worked under all departments of the bank. I worked under the supervision of Ms. Shahnaz Parvin (F.Ex. Incharge, Foreign Exchange Branch) and her assistance and guidance in completing this report.

My project was “An Analysis of Financial Performance and Foreign Exchange Activities of Uttara Bank Limited”, which was assigned by my internship supervisor Ms. Sharmin Shabnam Rahman, Lecturer, BRAC Business School; BRAC University. I had chosen this topic because of two reasons. Number one: A company’s financial statement analysis provides various financial information that investors and creditors use to evaluate a company’s financial performance. Number two: Foreign Exchange Department is a very significant Department of a bank because here bank provides export, import and remittances facilities to their customers and that lead to make profit.

1.2 Statement of the Problems

- How to evaluate financial performance over last five years?
- How foreign exchange management systems of Uttara Bank Limited are running?
- What are the problems of Uttara Bank Ltd. in foreign exchange management?
- What are the steps to solve the problems?

1.3 Objectives of the Report

The writing of this report contains two objectives: General objective and Specific objective.

- General Objective: The general objective of this report is to complete the internship program. As per requirement of MBA program of BRAC University, a student need to work in a business organization for three months to acquire practical knowledge about real business operations of a company.
- Specific objectives: The specific objectives of this report are to analyze the financial performance as well as foreign exchange activities of Uttara Bank Limited. To complete this report requires the internee to understand the facts that a real organization faces in the practical world. Thus, specific objectives also include relating the theoretical knowledge to the practical field. A post-graduate student should be able to extract the gist of any events that might relate to his/her context. This ability helps the students to increase their quality and effectiveness. Thus, as a final word, specific objectives of this report include how to collect, analyze and interpret data and draw relevant recommendations about any event which will prove the eligibility of an MBA student.

1.4 Scope of the Study

This report contains the analysis of financial performance along with foreign exchange activities of Uttara Bank Ltd. The time frame is set on the last five fiscal years. The analysis includes the horizontal (trend) analysis and ratio analysis on its own performance. Findings and relevant recommendations are made based on that analysis. For avoiding the complexity, selected performance variables are taken into consideration while analyze the performance. Sole performance analysis of the branch is avoided due to unavailability of data.

1.5 Methodology of the Report

The study requires a systematic procedure from selection of the topic to preparation of the final report. To perform the study, the data sources were to be identified and collected, to be classified, analyzed, interpreted and presented in a systematic manner and key points were to be found out. The overall process of methodology has been given as below.

- a) Selection of the topic:** The topic of the study was assigned by the honorable supervisors. While assigning the topic necessary recommendations and suggestions were provided by my honorable supervisor to make this internship report a well organized and perfect one.
- b) Identifying data sources:** Essential data sources, both primary and secondary data source, were identified that would be needed to carry on the study and complete this report.

Information collected to furnish this report is both from primary and secondary sources.

Primary Sources of Data:

- Face to face conversation with the respective officers of the banks.
- Practical experience gained by visiting different desks during internship period.
- Face to face conversation with the clients.
- Take Interview.

Secondary Sources of Data:

- Annual Reports of Uttara Bank Limited.
- Different circular issued by the Head Office and Bangladesh Bank
- Relevant papers and different books.
- Official Records of Uttara Bank Limited.
- Official web site of the Uttara Bank Ltd.
- Prior research reports.

- c) **Data Collection:** Primary data were collected through direct and face to face interview of the different personnel of the Uttara Bank Limited, Foreign Exchange Branch.
- d) **Classification, analysis, interpretations and presentation of data:** Some arithmetic and graphical tools are used in this report for analyzing the collected data and to classifying those to interpret them in a clear and understandable manner.
- e) **Findings of the study:** The collected data were scrutinized and were pointed out and shown as findings. Few recommendations are also made for improvement of the current situation.
- f) **Final report preparation:** On the basis of the suggestions of my honorable faculty some corrections were made to present the paper in this form.

1.6 Limitation of the Report

After completing the institutional experience, practical performance in real life becomes difficult. So, my lack of experience greatly influenced in preparing this report.

Besides, I have to face some other limitations as follows:

- Interns report is one kind of research work. Research work requires huge time. The time that is providing for me from university is not sufficient for gathering data and achieving idea about the institution.
- The bank personnel and officials were sometimes very busy with their occupational activities. Hence it was little bit difficult for them to help within their high schedule.
- Unwilling to provide data because of confidentially.
- It is too much difficult to comment and suggest based on only the annual report and information supplied by the organization.

Chapter Two

Organization Overview

CHAPTER TWO

ORGANIZATION OVERVIEW

2.1 History of Bank in Bangladesh

Bank system was practiced in Indian subcontinent by the Indian subcontinent merchants; Goldsmith Moneylenders were the primary bankers. During the mughal period banking and credit business was enchanted rapidly.

In 1700 AD “Hindustan bank” was established as the first joint stock bank. In 1784 “Bengal bank” and in 1786 “general bank of India “were launched. Then both the banks absolved respectively in 1793 and 1832.

During the early period of nineteenth century the three banks “Bank of Bombay”, “Bank of Madras” and “Bank of Bengal” merged to “Imperial bank of India”.

In 1947 after the separation of Bengal, bank business faced a severe disaster as non-Muslim bankers migrated to India. In order to rebuild the bank business State bank of Pakistan was established as a central bank of Pakistan in 1948.

In 1971 Bangladesh became independent. After liberation ‘Bangladesh bank’ was automated with the assets and liabilities of former “State bank of Pakistan”.

The rate of growth and development of banking sector in the country was extremely slow until 1983 when the government allowed to establish private banks and started denationalization process. Initially, the Uttara Bank in the same year and thereafter, the Pubali Bank, and the Rupali Bank in 1986. There were no domestic private commercial banks in Bangladesh until 1982 when the Arab- Bangladesh Banks (AB Bank) commenced private commercial banking in the country. Five more commercial banks came up in 1983 and initiated a moderate growth in banking financial institutions.

The banking system is composed of four state-owned commercial banks, five specialized development banks, thirty private commercial Banks and nine foreign commercial banks.

2.2 Overview of Uttara Bank Limited

- Uttara Bank Limited was established in 1965 under the name “Eastern Banking Corporation Limited” with the specific objective of accelerating trade and investment in the economically depressed eastern wing of the than Pakistan.
- After liberation of Bangladesh the Bank underwent a major change namely, it was nationalized in March, 1972 and given the name “Uttara Bank”.
- The Bank again in 1983 was denationalized and made a commercial bank in the private sector under the name “Uttara Bank Limited”.
- The Bank was incorporated as a banking company on June 29, 1983 and obtained business commencement certificate on August 21, 1983.
- The Bank floated shares in the year 1984.
- UBL is one of the largest private banks in Bangladesh.
- It operates through 211 fully computerized branches ensuring best possible and fastest services to its valued clients.
- The bank has more than 600 foreign correspondents worldwide.
- Total number of employees nearly 3,562.
- The Board of Directors consists of 13 members.
- The bank is headed by the Managing Director who is the Chief Executive Officer.
- The Head Office is located at Bank’s own 18-storied building at Motijheel, the commercial center of the capital, Dhaka.

2.3 Mission of UBL

- Maintaining the maximum ethical standards community accountability praiseworthy of a leading corporate citizen.
- Continuously improving profitability, productivity and thereby enhancing shareholder value.
- Creating and maintaining a set of hard working and efficient employees.
- To extend financial assistance to poorer section of the people.
- To achieve balance growth & equitable development.

2.4 Vision of UBL

- To be leading commercial bank in the country and contribute maximum of the welfare for the people of the country.
- Prime objective is to deliver a quality that demonstrates a true reflection of its vision.
- Excellence in banking.
- To provide quality service to the customer.
- To set high standard of integrity.
- Bring total satisfaction to its clients, sponsors and employees.

2.5 Objectives of UBL

Objectives mean the end towards which an activity is aimed. An organization without objective is like a person who is wandering with no purpose. All the activities of an organization are due to its objectives and goals. For the attainment of those objectives, various types of financial products and plans are developed. UBL has also some objectives, which are as follows:

- To ensure growth and development of the bank.
- To use resources of the bank efficiently.
- To get more deposits.
- To participate in development of the country.
- Paying special attention to the areas, which are under developed.
- To develop SME'S, foreign remittance, foreign trade.
- To increase industrialization in the country.
- To provide employment opportunities.
- To make people more of mind to have saving habits.
- To increase the services (backed by technology) by efficient employees.
- To increase deposit mobilization.
- For smooth functioning of foreign trade, establish large foreign network.
- To expand the more credit facilities for the customers.
- To maintain a good position in the competitive banking sectors in Bangladesh.

2.6 Technologies, Products & Services of UBL

UBL's products and services are regularly upgraded and realigned to fulfill customer expectation. Their delivery standards are constantly monitored and improved to assure the highest satisfaction. Their people are routinely up skilled and empowered to be able to effectively responding to customer needs. The bank specially emphasizes on the service base on technologies. Because the life became very fast and people want take service within sort time. The consumer-banking sector of the Bank deals with number of tasks related to various services. Transaction account, savings schemes or loan facilities also provide a rare blend of conveniences and unparalleled secure quality services. The products that are recently being offered by the bank are as follows –

General Banking Services:

Uttara Bank Limited provides all general banking services to its customers through 211 fully computerized branches all over Bangladesh. It presents Savings account and Current account for deposit and withdrawal of money as and when required. In addition it provides other banking services of transfer of money through Pay order, Demand draft etc. As a result of adapting the modern technology it's able to deliver quickest and most accurate services to the clients.

Deposit Schemes:

In addition to normal banking services Uttara Bank entertains special depositors with enhanced interest rates. Special deposit schemes available with UBL are Fixed Deposit Receipt account, Double Benefit Deposit scheme and Monthly Deposit scheme.

Any Bangladeshi staying at home or abroad may have a FDR account at Uttara Bank. The duration of a FDR may be 3, 6, 12, 24 and 36 months. Interest rate is quite attractive which varies with duration.

Double Benefit Deposit Scheme doubles your deposit just in 8.5 years. Minimum deposit required for the program is BDT 100,000.

Monthly Deposit Scheme is another unique opportunity for limited income people to save money for future. This scheme is of two options, 5 years and 10 years of duration. Another selection to be made is for monthly installment. You have 5 alternatives here, starting from BDT 500 through 10,000. Lucrative interest rate is offered here

These deposit schemes are targeted to definite groups of people and in the mean time all these schemes have successfully hit their targets. Every day new clients are getting in for a deposit scheme in Uttara Bank limited.

In addition to the above, Uttara Bank has introduced another deposit scheme, named Special Notice Deposit. Government, semi Government organizations and individuals are entitled to open this scheme in UBL. A 7 days' notice is required to withdraw money from this account. This scheme offers a handsome interest as well.

International Banking:

Any individual, firm or organization earning foreign exchange may open a foreign currency account with Uttara Bank. Account holder is allowed to make payments abroad in foreign currency and local payment in BDT. Account is also entitled to get interest under some conditions.

Uttara Bank maintains its accounts with a good number of reputed banks in Europe, America, Australia and Far eastern countries. This is to settle any trading issue or help remittance payment for expatriate Bangladeshis.

Loan and Credit Schemes:

Uttara Bank distributes loans in different schemes. It provides Consumer credits, Personal loans, Building repair loans and small business loans.

UBL started Uttara Consumer Credit scheme in 1996. This scheme provides financial assistance to people for purchasing Motor Bike, Motor car, Refrigerator, Air cooler, Personal computer and many more consumer goods.

Personal loan is available for salaried officers to meet their emergency needs like marriage of self or dependent, medical expenses of self or dependent or educational expenses. This program doesn't ask for a security even.

Building repair loan is sanctioned for those having buildings of their own. With reasonable interest rate UBL provides this loan to a deserving candidate.

People doing small businesses often suffer from inadequacy of fund. They have almost no source of finance. UBL comes forward with sufficient fund for them.

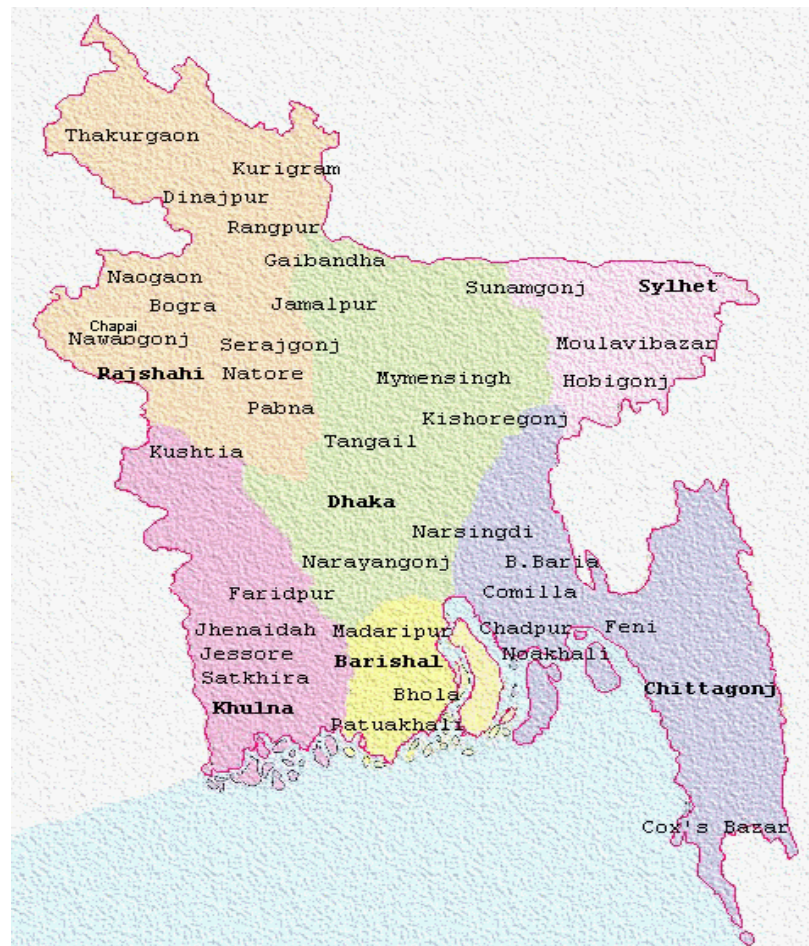
Other Products and Services:

This bank up date itself everyday with modern world and provides modern banking services like online banking, Automated teller machine and card to its clients. Uttara Bank offers locker service for its clients and all major branches are ready with lockers at reasonable charge. Bank also provides several of service and promises to upgrade their products and services for clients.

2.7 UBL Networks

▪ Corporate Offices (Corporate Branch & Local Office)	2
▪ Regional Office	12
▪ Worldwide Affiliates	600
▪ Total Branches (Including Corporate Branch & Local Office)	211
▪ Authorized Dealer Branches	38
▪ Treasury & Dealing Room	1
▪ Training Institute	1
▪ Man Power	3562

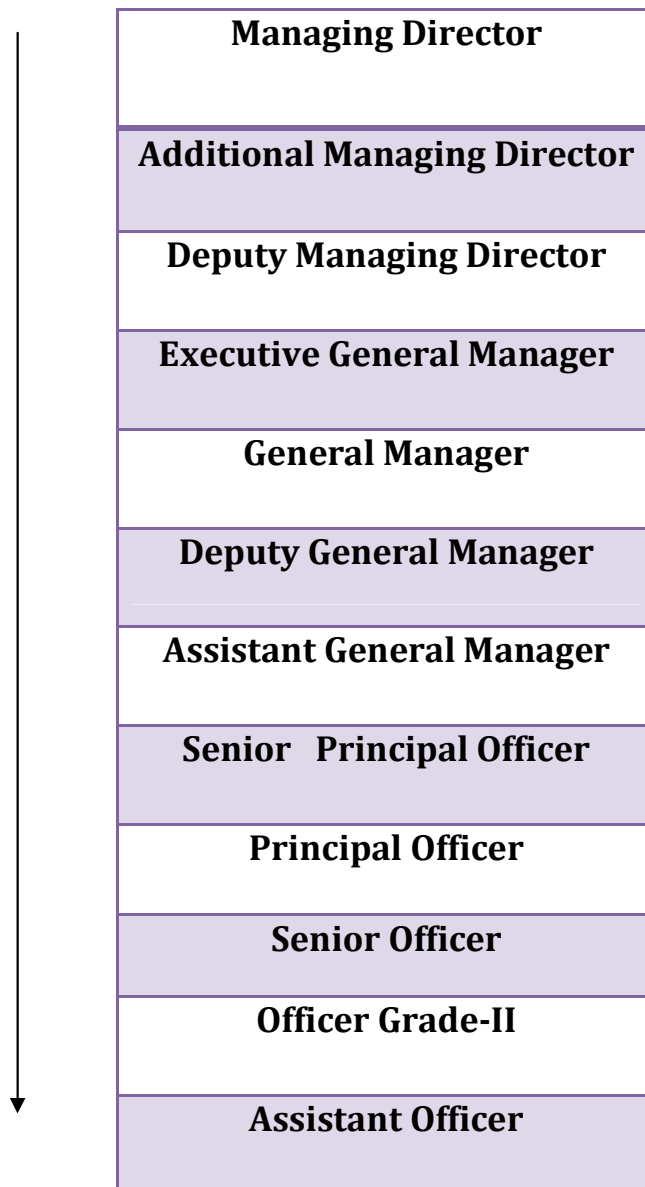
2.8 Branches all over in Bangladesh



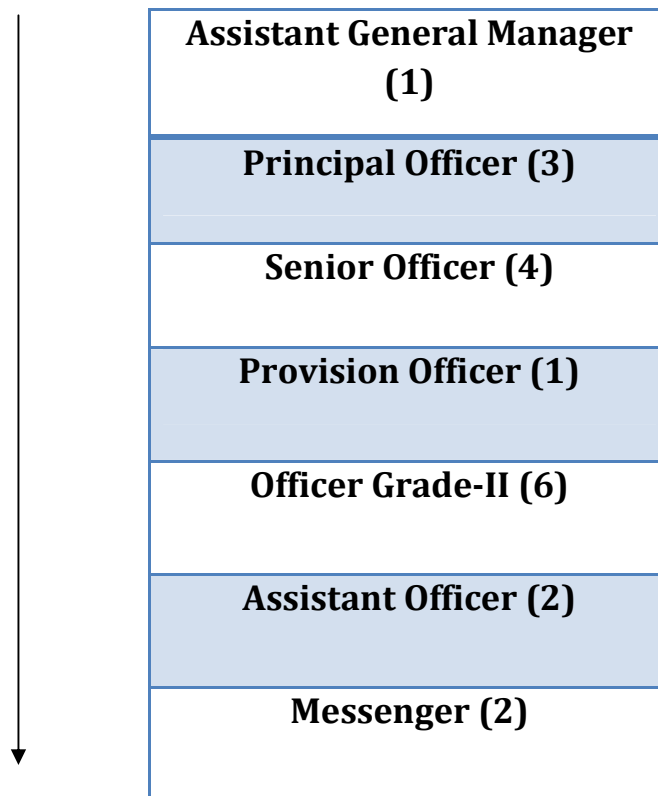
2.9 Different wings of UBL

Name of the Division	Affiliated Departments
Head Office	<ul style="list-style-type: none"> ▪ Chairman's Secretariat ▪ Managing Director's Secretariat ▪ Board Department ▪ Share Department ▪ MIS & Computer Department
Human Resources Division	<ul style="list-style-type: none"> ▪ Personnel Department ▪ Disciplinary Department ▪ Test Key Department ▪ Research & Planning Department ▪ Risk Management Department
Central Accounts Division	<ul style="list-style-type: none"> ▪ Accounts Department ▪ Reconciliation Department
Credit Division	<ul style="list-style-type: none"> ▪ Approval Department ▪ Admin. & Monitoring Department ▪ Lease Finance Department ▪ Recovery Department
Internal Control & Compliance	<ul style="list-style-type: none"> ▪ Audit & Inspection Department ▪ Division Monitoring Department ▪ Compliance Department
Banking Control & Common Services Division	<ul style="list-style-type: none"> ▪ Anti-Money Laundering Department ▪ Branches Operation Department ▪ Business Promotion Department ▪ Public Relations Department
Board & Share Division	<ul style="list-style-type: none"> ▪ Board Department ▪ Share Department
Treasury Division	<ul style="list-style-type: none"> ▪ Front Office (Dealing Room) Back Office Asset & Liability Management Department
Establishment Division	<ul style="list-style-type: none"> ▪ General Services Department Transport Department ▪ Stationery & Records Department ▪ Engineering Department
Information & Communication	<ul style="list-style-type: none"> ▪ MIS Department
Technology (ICT) Division	<ul style="list-style-type: none"> ▪ Development & Support Department ▪ Card Department
Corporate Banking Division	<ul style="list-style-type: none"> ▪ Credit Marketing Department ▪ Credit Business Development Department

2.10 Hierarchy of UBL



2.11 Hierarchy of Foreign Exchange Branch of UBL



2.12 Highlights of Uttara Bank Limited

(Figure in Million-where applicable)

Sl.	Particulars	2011	2010
1	Gross Income	10,668.2	8,768.2
2	Gross Expenditure	7,517.9	5,701.3
3	Gross Profit	3,150.3	3,066.9
4	Pre-Tax Profit	3,000.3	2,801.9
5	Post-Tax Profit	1,650.3	1,551.9
6	Authorized Capital	5,000.0	5,000.0
7	Paid-up- Capital	2,875.2	2,396.0
8	Statutory and Other Reserves	6,758.8	6,214.8
9	Shareholder's Equity	9,634.0	8,610.8
10	Deposit	72,152.4	65,868.0
11	Advances(Gross)	54,010.3	48,672.7
12	Investment	22,894.7	18,591.1
13	Export Business	15,588.5	12,986.7
14	Import Business	33,037.6	29,614.5
15	Foreign Remittance	37,848.7	43,200.7
16	Fixed Assets	2,762.2	2,798.1
17	Total Assets	97,417.9	81,451.8
18	Classified Loans and Advances	2,821.9	2,678.7
19	Total Off Balance Sheet Exposures	9,860.0	9,377.6
20	Earning per Share (EPS)	5.74	5.40
21	Market Value Per Share	77.80	166.08
22	Price Earning Ratio (Time)	13.55	30.76
23	Income from Equity (%)	17.13%	18.02%
24	Income from Assets (%)	1.69%	1.91%
25	Number of Shareholders	74,936	65,037

Chapter Three

About Job

CHAPTER THREE

ABOUT JOB

3.1 Name and Address of Placement

The name of the Internship placement organization was Uttara Bank Limited. Internship attachment was at Foreign Exchange Branch of the bank which is situated at 69, Dilkusha C/A, Dhaka-1000, Bangladesh.

3.2 Job Description

As part of the Internship program of Master of Business Administration course requirement, I was assigned for doing my internship in Uttara Bank Limited for the period of 3 months starting from June 04, 2012 to September 03, 2012. During my intern period in the Uttara Bank Limited, Foreign Exchange Branch, I worked under for all departments' particularly general banking, loans-advances department and foreign exchange department of the bank.

During internship, one needs to obey the rules and regulation of the organization, do the daily schedule activities, and any other the jobs assigned by the supervisor. During the internship program, from June 04, 2012 to June 20, 2012; I worked in General Banking. In General Banking I had provided day to day services like sort the data, written pay order, clearing ,transfer scroll, bank cash scroll, account department (arranging voucher), account opening (general) to the customers. From June 21, 2012 to July 15, 2012; I worked in the Loans and Advances Department. In Loans and Advances Department, my job was to provide financial ratio analysis, sort the documents, reconcile the un-reconciled entries, and inputs the data into excel sheet and computer generated software. From July 16, 2012 to September 03, 2012; I worked in the Foreign Exchange Department. In **Foreign Exchange Department**, I had to provide different types of **L/C services like export and import L/C opening, Calculation and put up application form of Inland Bills Purchase (IBP) and Inland Foreign Bills Collection (IFBP), Calculation of Foreign Bills Purchase Awaiting Remittance (FBPAR), SWIFT and input data into excel sheet.** All the activities were associated me with area of the study.

Chapter Four

An Analysis of Financial Performance

CHAPTER FOUR

AN ANALYSIS OF FINANCIAL PERFORMANCE

4.1 Balance Sheet of Uttara Bank Limited

Particulars	Year (Amount in Taka)				
	2011	2010	2009	2008	2007
PROPERTY AND ASSETS					
Cash	6,770,218,585	6,636,972,108	5,348,163,400	5,860,103,625	5,002,561,855
Cash in Hand(including foreign currencies)	1,550,160,241	1,294,274,237	1,341,438,945	1,585,554,764	1,713,064,194
Balance with Bangladesh Bank and its agent Bank(s) (including foreign currencies)	5,220,058,344	5,342,697,871	4,006,724,455	4,274,548,861	3,289,497,661
Balance with other Banks and financial institutions:	5,366,014,413	429,875,944	285,958,697	350,941,308	1,121,909,129
In Bangladesh	4,976,518,084	33,337,210	2,856,213	6,930,615	800,727,487
Outside Bangladesh	389,496,329	396,538,734	283,102,484	344,010,693	321,181,642
Money at call and shortnotice			329,700,000	29,900,000	30,000,000
Investment:	22,894,749,808	18,591,127,858	22,502,481,805	11,188,289,669	14,455,780,134
Government	22,735,889,054	18,429,298,854	18,429,298,854	11,091,865,330	14,381,918,295
Others	158,860,754	161,829,004	158,412,304	96,424,339	73,861,839
Loans and Advances:	54,010,287,476	48,672,687,127	39,451,355,571	37,141,342,619	28,477,407,266
Loans, cash credit, over draft etc.	49,384,251,667	44,372,359,512	36,289,189,482	33,308,029,435	25,298,004,729
Bills purchased and discount	4,626,035,809	4,300,327,615	3,162,166,089	3,833,313,184	3,179,402,537
Fixed assets including land, building furniture and fixtures	2,762,228,892	2,798,141,777	1,088,418,582	1,065,679,827	1,013,985,359
Other Asstes	5,520,848,031	4,228,815,180	2,840,664,075	2,698,386,497	2,758,688,987
Non Banking Assets	93,580,592	94,202,809	99,256,359	109,688,573	
Total Assets	97,417,927,797	81,451,822,803	81,451,822,803	58,444,332,118	52,860,332,730
LIABILITIES AND CAPITAL					
Borrowings from other Banks, Financial Institutions and Agents	7,229,331,894	206,875,583	1,176,417,193	225,086,084	2,899,505,333
Deposits and other accounts:	72,152,375,394	65,868,030,947	59,387,263,182	59,387,263,182	43,586,356,057
Current and other accounts etc.	24,704,157,771	23,125,023,246	20,386,884,603	15,570,321,322	12,372,373,980
Bills payable	1,842,478,227	1,692,242,882	1,752,780,457	1,605,516,899	1,643,287,611
Saving bank deposits	24,033,793,494	23,794,594,646	21,389,308,459	19,547,765,743	17,876,529,810
Fixed deposits	19,969,079,718	15,130,072,230	14,037,133,261	12,164,269,906	12,164,269,906
Bearer certificate of deposit					50,000
Other deposits	1,602,866,184	2,126,097,243	1,821,156,402	1,929,101,150	1,276,931,457
Other liabilities	8,402,189,838	6,766,076,457	5,175,368,351	3,713,428,714	1,276,931,457
Total Liabilities	87,783,897,126	72,840,982,987	65,739,048,726	54,755,489,818	50,406,775,571
Capital/Share Holders' Equity					
Paid up capital	2,875,173,120	2,395,977,600	1597318400	798,659,200	399,329,600
Issuance of bonus shares					399,329,600
Statutory reserve	2,980,837,039	2,370,837,039	1800837039	1,550,837,039	550,837,039
Other reserves	2,735,908,947	2,853,862,188	2001852861	1,337,631,167	1,100,864,198
Surplus in profit and loss account	1,042,111,565	990,162,989	806,941,463	1,714,894	3,196,722
Total equity attributable to equity holders of the company	9,634,030,671	8,610,839,816	6,206,949,763	3,688,842,300	2,453,557,159
Total Liabilities and Share Holders' Equity	97,417,927,797	81,451,822,803	71,945,998,489	58,444,332,118	52,860,332,730

4.1.1 Horizontal Analysis

A company's financial statements for a single accounting period can reveal important information about its performance and financial health. But comparing the financial statements of more than one period can provide better context and help identify any changes that may signal strengths or weaknesses. We can compare financial statements for more than one period by using horizontal analysis. Horizontal analysis, also called "trend analysis," is used to discover trends in the earnings, assets and liabilities of a company over the course of several years. With horizontal analysis, we compare the amount changes and the percent change of each item in a financial statement for two consecutive periods. A financial statement showing horizontal analysis of two consecutive periods is called a comparative financial statement.

4.1.2 Horizontal Analysis of Balance Sheet

In this horizontal analysis of Balance sheet, here all the particulars from the FY2007-FY2011 have shown by the amount, increase or decrease in the amount and also in the percentage. To do so, I have assumed the FY2007 as a base year. For the purpose of calculation, here I have shown all the data in million. The horizontal analysis of Balance Sheet is given bellow as a table:

HORIZONTAL ANALYSIS OF BALANCE SHEET

Particulars	Year (Taka in Million)												
	2011	Increase or (Decrease) During		2010	Increase or (Decrease) During		2009	Increase or (Decrease) During		2008	Increase or (Decrease) During		2007
		Amount	Percentage (%)		Amount	Percentage (%)		Amount	Percentage (%)		Amount	Percentage (%)	
PROPERTY & ASSETS													
Cash:	6,770.22	1,767.66	35%	6,636.97	1,634.41	33%	5,348.16	345.60	7%	5,860.10	857.54	17%	5,002.56
Balance with other Banks and financial institutions:	5,366.01	4,244.11	378%	429.88	-692.03	-62%	285.96	-835.95	-75%	350.94	-770.97	-69%	1,121.91
Investment:	22,894.75	8,438.97	58%	18,591.13	4,135.35	29%	22,502.48	8,046.70	56%	11,188.29	-3,267.49	-23%	14,455.78
Loans and Advances:	54,010.29	25,532.88	90%	48,672.69	20,195.28	71%	39,451.36	10,973.95	39%	37,141.34	8,663.94	30%	28,477.41
Fixed assets including land, building furniture's	2,762.23	1,748.24	172%	2,798.14	1,784.16	176%	1,088.42	74.43	7%	1,065.68	51.69	5%	1,013.99
Other Assets	5,520.85	2,762.16	100%	4,228.82	1,470.13	53%	280.66	-2,478.02	-90%	2,698.39	-60.30	-2%	2,758.69
Total Assets	97,417.93	44,557.60	84%	81,451.82	28,591.49	54%	71,946.00	19,085.67	36%	58,444.33	5,584.00	11%	52,860.33
LIABILITIES AND CAPITAL													
Deposits and other accounts:	72,152.38	28,566.02	66%	65,868.03	22,281.67	51%	59,387.26	15,800.91	36%	50,816.98	7,230.62	17%	43,586.36
Other liabilities	8,402.19	7,125.26	558%	6,766.08	5,489.15	430%	5,175.37	3,898.44	305%	3,713.43	2,436.50	191%	1,276.93
Total Liabilities	87,783.90	37,377.12	74%	72,840.98	22,434.21	45%	65,739.05	15,332.27	30%	54,755.49	4,348.71	9%	50,406.78
Total Share Holders' Equity	9,634.03	7,180.47	293%	8,610.84	6,157.28	251%	6,206.95	3,753.39	153%	3,688.84	1,235.29	50%	2,453.56
Total Liabilities and Share Holders' Equity	97,417.93	44,557.60	84%	81,541.82	28,591.49	54%	71,946	19,085.67	36%	58,444.33	5,584.00	11%	52,860.33

Graphical Presentation & Discussion of Cash:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Cash	5,002.56	5,860.10	5,348.16	6,636.97	6,770.22	5,923.60
Increase or Decrease		857.54	345.60	1,634.41	1,767.66	
Growth		17%	7%	33%	35%	23%

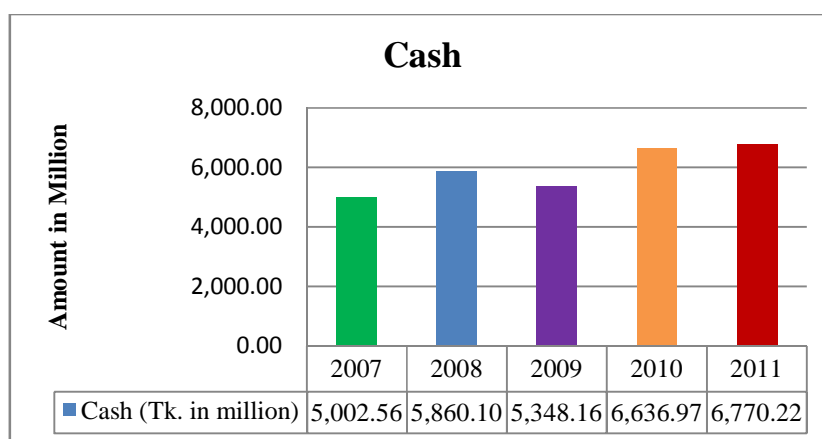


Figure: Cash (Amount in Million)

During the five years (2007-2011) of study the total growth of cash of Uttara Bank Limited were on average 23%. In appendix table-2, total cash ranges from 5,002.56 to 6,770.22 million maintaining Tk. 5923.60 million on an average with a standard deviation of Tk. 776.07 million per year. Moreover, significant changes have occurred in cash amount in each year. As here, FY2007 is the base year, so the changes in amount have been increased from FY2008 to FY2011. In FY2011 the highest increased in cash amount have been occurred compared with the other FY but in FY 2009 the lowest increased in cash amount. Only remaining FY 2009, it has been clear that there is an increasing trend in the changes of cash. So, with the cash or liquidity the bank will be able to make payments. In addition, each FY the percentage change of cash is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. Amount is increasing which means current assets is also increasing in each of the year. After end of the each year, the bank will have maximum liquidity in their hand.

Graphical Presentation & Discussion of Investment:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Investment	14,455.78	11,188.29	22,502.48	18,591.13	22,894.75	17,926
Increase or Decrease		-3,267.49	8,046.70	4,135.35	8,438.97	
Growth		-23%	56%	29%	58%	30%

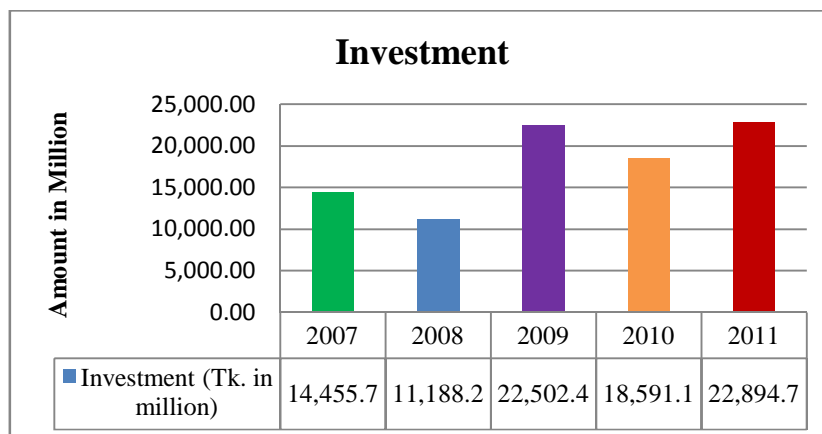


Figure: Investment (Amount in Million)

During the five years (2007-2011) of study the total growth of investment of Uttara Bank Limited were on average 30%. In appendix table-2, Investment ranges from 14,455.78 to 22,894.75 million maintaining Tk. 17,926 million on an average with a standard deviation of Tk. 5,087.09 million per year. Moreover, significant changes have occurred in investment in each year. As here, FY2007 is the base year, so the changes in investment have been increased from FY2008 to FY2011. In FY2011 the highest increased in investment have been occurred compared with the other FY but in FY 2008 the highest decreased in investment. In addition, each FY the percentage change of investment is increasing only FY 2010 percentage changes of investment slightly decrease. Only remaining FY2010, it is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's investment is increasing which makes their revenue more prosperous.

Graphical Presentation & Discussion of Loans & Advances:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Loans & Advances	28,477.41	37,141.34	39,451.36	48,672.69	54,010.29	41,550.61
Increase or Decrease		8,663.94	10,973.95	20,195.28	25,532.88	
Growth		30%	39%	71%	90%	58%

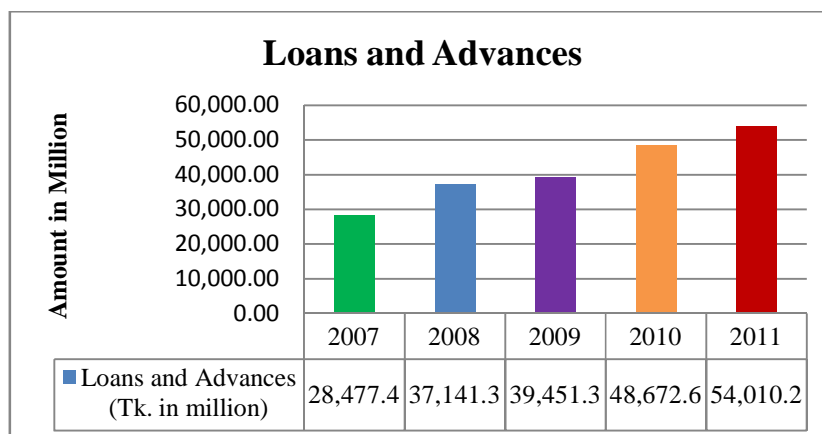


Figure: Loans and Advances (Amount in Million)

During the five years (2007-2011) of study the total growth of loans and advances of Uttara Bank Limited were on average 58%. In appendix table-2, loans and advances ranges from 28,477.41 to 54,010.29 million maintaining Tk. 41,550.61 million on an average with a standard deviation of Tk. 10,009.05 million per year. Moreover, significant changes have occurred in loans and advances in each year. As here, FY2007 is the base year, so the changes in loans and advances have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of loans and advances. In FY2011 the highest increased in Loans and Advances have been occurred compared with the other FY. In addition, each FY the percentage change of loans and advances is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's loans and advances is increasing which makes their investment capability is adequate.

Graphical Presentation & Discussion of Fixed Assets:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Fixed Assets	1,013.99	1,065.68	1,088.42	2,798.14	2,762.23	1,745.69
Increase or Decrease		51.69	74.43	1,784.16	1,748.24	
Growth		5%	7%	176%	172%	90%

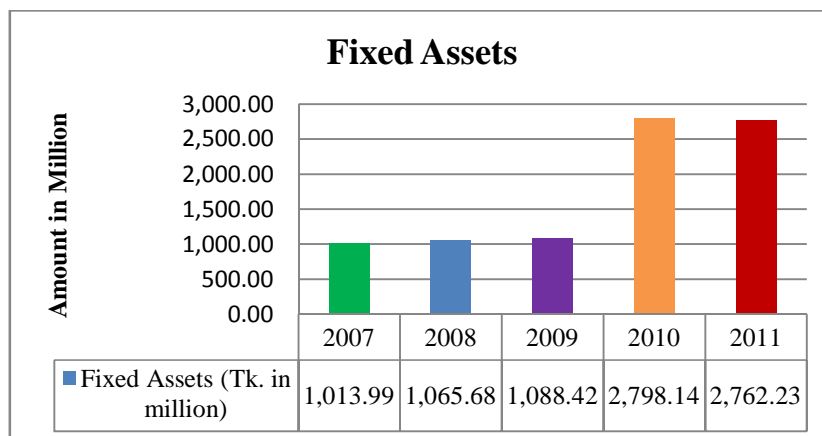


Figure: Fixed Assets (Amount in Million)

During the five years (2007-2011) of study the total growth of fixed assets of Uttara Bank Limited were on average 90%. In appendix table-2, total cash ranges from 1,013.99 to 2,762.23 million maintaining Tk. 1,745.69 million on an average with a standard deviation of Tk. 944.83 million per year. Moreover, significant changes have occurred in fixed assets in each year. As here, FY2007 is the base year, so the changes in fixed assets have been increased from FY2008 to FY2010. In FY2010 the highest increased in fixed assets have been occurred compared with the other FY but in FY 2011, the changes in fixed assets slightly decline compared to FY 2010. Only reaming FY 2011, it has been clear that there is an increasing trend in the changes of fixed assets. In addition, from FY2008 to FY 2010 the percentage change of fixed assets is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2010 but FY 2011 the percentage changes slightly fall.

Graphical Presentation & Discussion of Total Assets:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Total Assets	52,860.33	58,444.33	71,946.00	81,451.82	97,417.93	72,424.08
Increase or Decrease		5,584.00	19,085.67	28,591.49	44,557.60	
Growth		11%	36%	54%	84%	46%

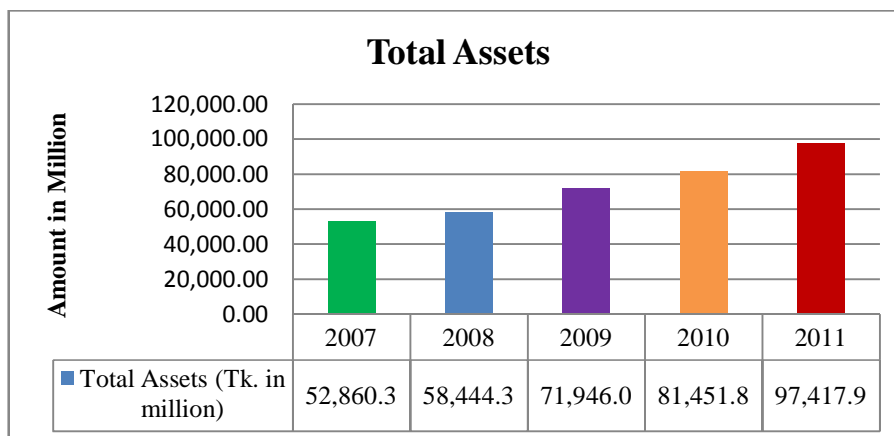


Figure: Total Assets (Amount in Million)

During the five years (2007-2011) of study the total growth of total assets of Uttara Bank Limited were on average 46%. In appendix table-2, total assets ranges from 52,860.33 to 97,417.93 million maintaining Tk. 72,424.08 million on an average with a standard deviation of Tk. 17,920.62 million per year. Moreover, significant changes have occurred in total assets in each year. As here, FY2007 is the base year, so the changes in total assets have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total assets. In FY2011 the highest increased in total assets have been occurred compared with the other FY. In addition, each FY the percentage change of total assets is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's total assets is increasing which makes their loan repayment capability is adequate.

Graphical Presentation & Discussion of Total Liabilities:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Total Liabilities	50,406.78	54,755.49	65,739.05	72,840.98	87,783.90	66,305.24
Increase or Decrease		4,348.71	15,332.27	22,434.21	37,377.12	
Growth		9%	30%	45%	74%	40%

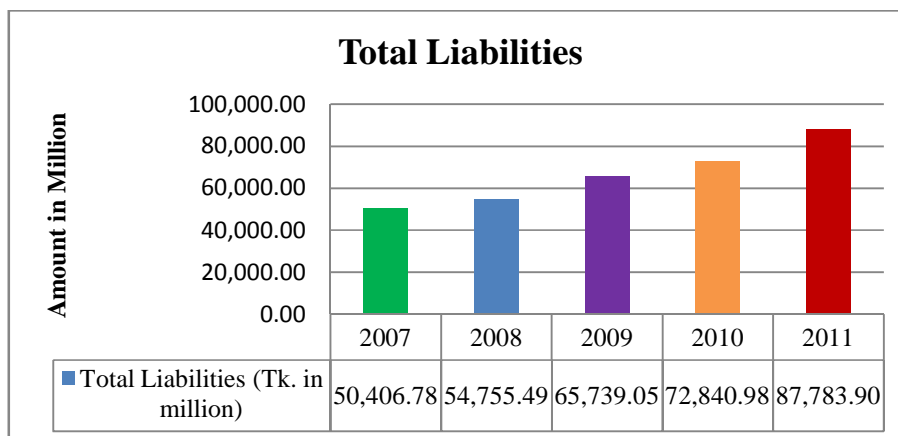


Figure: Total Liabilities (Amount in Million)

During the five years (2007-2011) of study the total growth of total liabilities of Uttara Bank Limited were on average 40%. In appendix table-2, total liabilities ranges from 50,406.78 to 87,783.90 million maintaining Tk. 66,305.24 million on an average with a standard deviation of Tk. 14,920.85 million per year. Moreover, significant changes have occurred in total liabilities in each year. As here, FY2007 is the base year, so the changes in total liabilities have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total liabilities. In FY2011 the highest increased in total liabilities have been occurred compared with the other FY. In addition, each FY the percentage change of total liabilities is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's total liabilities is increasing which makes their lending capability is adequate.

Graphical Presentation & Discussion of Total Share Holders' Equity:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Total Share Holders' Equity	2,453.56	3,688.84	6,206.95	8,610.84	9,634.03	6,118.84
Increase or Decrease Growth		1,235.29 50%	3,753.39 153%	6,157.28 251%	7,180.47 293%	187%

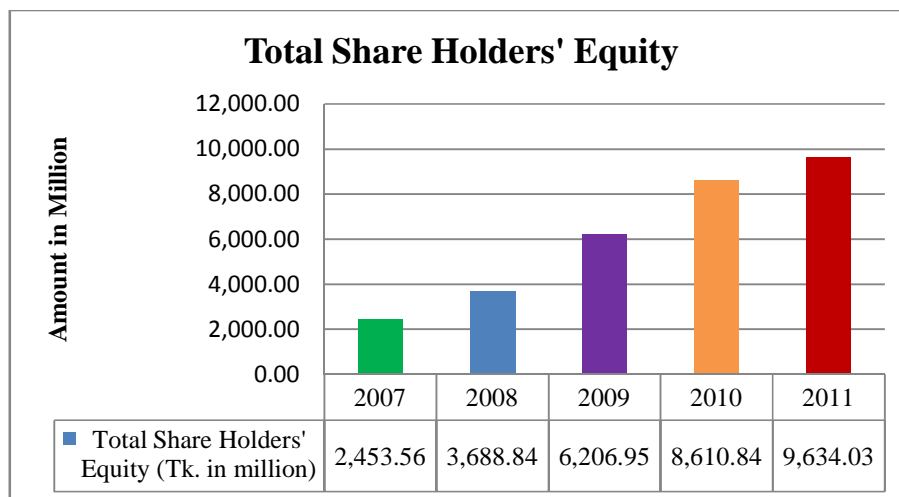


Figure: Total Share Holders' Equity (Amount in Million)

During the five years (2007-2011) of study the total growth of total share holders' equity of Uttara Bank Limited were on average 187%. In appendix table-2, total share holders' equity ranges from 2,453.56 to 9,634.03 million maintaining Tk. 6,118.84 million on an average with a standard deviation of Tk. 3,078.70 million per year. Moreover, significant changes have occurred in total share holders' equity in each year. As here, FY2007 is the base year, so the changes in total share holders' equity have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total share holders' equity. In FY2011 the highest increased in total share holders' equity has been occurred compared with the other FY. In addition, each FY the percentage change of total share holders' equity is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's total share holders' equity is increasing which makes their value of share holders' is adequate.

Graphical Presentation & Discussion of Total Liabilities & Share Holders' Equity:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Total Liabilities & Share Holders' Equity	52,860.33	58,444.33	71,946.00	81,541.82	97,417.93	72,442.08
Increase or Decrease Growth		5,584.00 11%	19,085.67 36%	28,591.49 54%	44,557.60 84%	46%

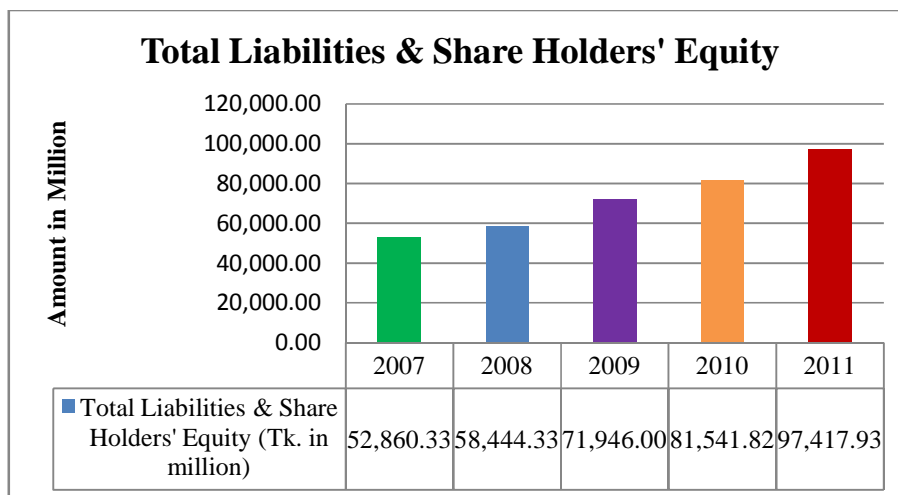


Figure: Total Liabilities and Share Holders' Equity (Amount in Million)

During the five years (2007-2011) of study the total growth of total liabilities and share holders' equity of Uttara Bank Limited were on average 46%. In appendix table-2, total share holders' equity ranges from 52,860.33 to 97,417.93 million maintaining Tk. 72,442.08 million on an average with a standard deviation of Tk. 17,933 million per year. Moreover, significant changes have occurred in total liabilities and share holders' equity in each year. As here, FY2007 is the base year, so the changes in total liabilities and share holders' equity have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total liabilities and share holders' equity. In FY2011 the highest increased in total liabilities and share holders' equity has been occurred compared with the other FY. In addition, each FY the percentage change of total share holders' equity is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's total liabilities and share holders' equity is increasing which makes their lending capability as well as value of share holders' is adequate.

4.2 Profit and Loss Account of Uttara Bank Limited

Particulars	Year (Amount in Taka)				
	2011	2010	2009	2008	2007
OPERATING INCOME					
Interest Income	6,604,198,304	4,841,862,389	4,492,433,245	4,084,288,089	2,997,432,877
Interest paid on deposits, borrowings etc.	4,148,108,568	2,959,915,391	2,790,427,461	2,200,521,205	1,876,351,450
Net Interest Income	2,456,089,736	1,881,946,998	1,702,005,784	1,883,766,884	1,121,081,427
Income from Investment.	2,204,265,402	2,206,593,581	1,840,039,983	784,896,516	921,189,131
Commission, Exchange and Brokerage	987,134,228	939,090,516	655,551,919	907,895,386	744,994,717
Other Operating Income	872,603,275	780,671,115	408,516,881	536,396,304	356,650,099
Total operating income	6,520,092,641	5,808,302,210	4,606,114,567	4,112,955,090	3,143,915,374
OPERATING EXPENSES					
Salary and allowances	2,200,353,628	1,593,059,377	1,535,121,729	1,272,357,540	1,158,073,662
Rent, taxes, insurance, electricity etc.	246,142,347	194,414,151	167,877,979	151,877,811	151,877,811
Legal expenses	10,571,793	10,115,024	8,984,031	9,429,329	11,544,740
Stationery, printing, advertisements etc.	79,178,405	69,706,067	60,784,191	51,324,787	40,275,975
Managing Director's salary & allowances and fees	10,627,301	10,614,666	9,561,111	6,424,333	5,060,000
Directors' fees	2,670,000	2,392,000	2,300,000	2,264,000	1,916,000
Auditors' fees	500,000	300,000	250,000	250,000	130,000
Charges on Loan losses account	86,643,022				
Repair, maintenance and depreciation of Bank's property	157,564,629	150,533,394	124,597,235	107,256,133	85,308,986
Other expenses	535,437,646	673,037,516	147,100,378	166,472,931	138,653,184
Total operating expenses	3,369,753,025	2,741,421,484	2,092,237,998	1,807,336,918	1,677,679,817
Profit before provision	3,150,339,616	3,066,880,726	2,513,876,569	2,305,618,172	1,466,235,557
Provision	150,000,000	265,000,000	325,000,000	207,500,000	322,500,000
Provision for loans & advances & off balance sheet exposures	150,000,000	240,000,000	320,000,000	150,000,000	300,000,000
Provision for Other		20,000,000		55,000,000	
Transfer to benevolent fund		5,000,000	5,000,000	2,500,000	22,500,000
Profit before tax	3,000,339,616	2,801,880,726	2,188,876,569	2,098,118,172	1,143,735,557
Provision for Taxation	1,350,000,000	1,250,000,000	1,083,650,000	959,600,000	734,200,000
Current tax	1,314,855,569	1,239,639,400	1,075,000,000	940,000,000	727,000,000
Deferred tax	35,144,431	10,360,600	8,650,000	19,600,000	7,200,000
Profit after taxation	1,650,339,616	1,551,880,726	1,105,226,569	1,138,518,172	409,535,557
Retained earning brought forward	1,771,949	8,282,263	1,714,894	3,196,722	22,990,765
Profit available for appropriation	1,652,111,565	1,560,162,989	1,106,941,463	1,141,714,894	432,526,322
Appropriation	610,000,000	570,000,000	300,000,000	1,140,000,000	429,329,600
Statutory reserve	610,000,000	570,000,000	250,000,000	1,000,000,000	30,000,000
General reserve			50,000,000	140,000,000	
Issue of bonus share					399,329,600
Retained surplus	1,042,111,565	990,162,989	806,941,463	1,714,894	3,196,722
Earning per share (EPS)	5.74	5.40	69.19	71.28	51.28

4.2.1 Horizontal Analysis of Profit and Loss Account

In this horizontal analysis of Profit and Loss Account, here all the particulars from the FY2007-FY2011 have shown by the amount, increase or decrease in the amount and also in the percentage. To do so, I have assumed the FY2007 as a base year. For the purpose of calculation, here I have shown all the data in million. The horizontal analysis of Profit and Loss Account is given bellow as a table:

HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

Particulars	Year (Taka in Million)												
	2011	Increase or (Decrease) During		2010	Increase or (Decrease) During		2009	Increase or (Decrease) During		2008	Increase or (Decrease) During		2007
		Amount	Percentage (%)		Amount	Percentage (%)		Amount	Percentage (%)		Amount	Percentage (%)	
Net interest income	2456.09	1,335.01	119%	1881.95	760.87	68%	1,702.01	580.92	52%	1,883.77	762.69	68%	1,121.08
Total operating income	6520.09	3,376.18	107%	5808.30	2,664.39	85%	4,606.11	1,462.20	47%	4,112.96	969.04	31%	3,143.92
Total operating expenses	3369.75	1,692.07	101%	2741.42	1,063.74	63%	2,092.24	414.56	25%	1,807.34	129.66	8%	1,677.68
Profit before provision	3150.34	1,684.10	115%	3066.88	1,600.65	109%	2,513.88	1,047.64	71%	2,305.62	839.38	57%	1,466.24
Profit before tax	3000.34	1,856.60	162%	2801.88	1,658.15	145%	2,188.88	1,045.14	91%	2,098.12	954.38	83%	1,143.74
Profit after taxation	1650.34	1,240.80	303%	1551.88	1,142.35	279%	1,105.23	695.69	170%	1,138.52	728.98	178%	409.54

Graphical Presentation & Discussion of Net Interest Income:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Net interest income	1,121.08	1,883.77	1,702.01	1,881.95	2,456.09	1,808.98
Increase or Decrease		762.69	580.92	760.87	1,335.01	
Growth		68%	52%	68%	119%	77%

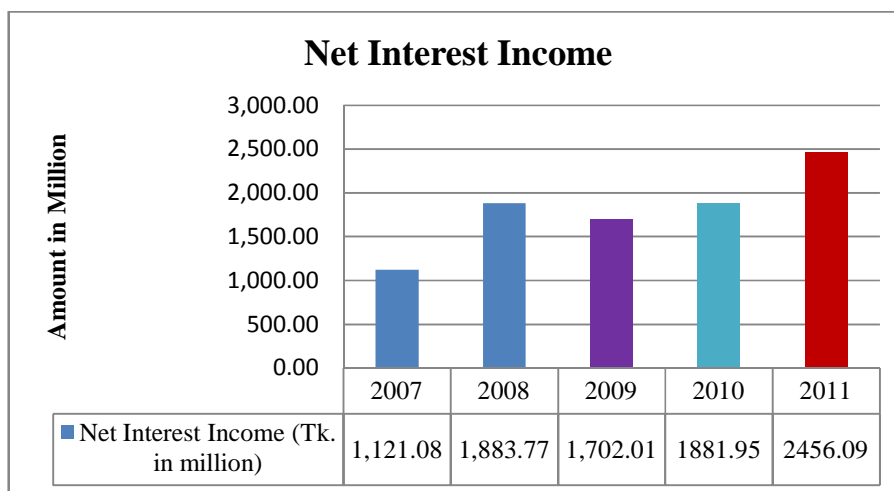


Figure: Net Interest Income (Amount in Million)

During the five years (2007-2011) of study the total growth of net interest income of Uttara Bank Limited were on average 77%. In appendix table-2, net interest income ranges from 1,121.08 to 2,456.09 million maintaining Tk. 1,808.98 million on an average with a standard deviation of Tk. 478.10 million per year. Moreover, significant changes have occurred in net interest income in each year. As here, FY2007 is the base year, so the changes in net interest income have been increased from FY2009 to FY2011. It has been clear that there is an increasing trend in the changes of net interest income. In FY2011 the highest increased in net interest income has been occurred compared with the other FY but FY 2008 changes in net interest income is higher than FY 2009- FY2010 and lower than FY2011. In addition, from FY 2009- FY 2011 the percentage change of net interest income is increasing. It is very clear that an increasing upward trend is there from FY 2009 to FY 2011. So, in each year bank's net interest income is increasing which makes their profit is adequate.

Graphical Presentation & Discussion of Total Operating Income:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Total operating income	3,143.92	4,112.96	4,606.11	5,808.3	6,520.09	4,838.28
Increase or Decrease		969.04	1,462.20	2,664.39	3,376.18	
Growth		31%	47%	85%	107%	68%

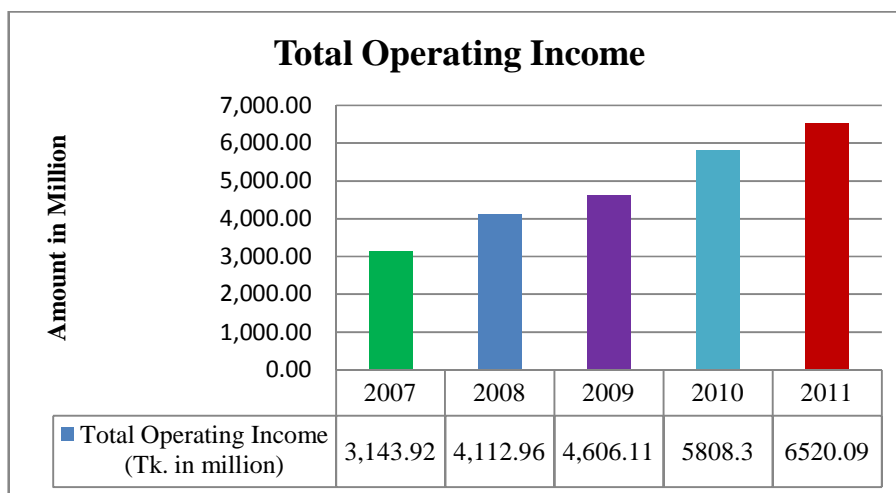


Figure: Total Operating Income (Amount in Million)

During the five years (2007-2011) of study the total growth of total operating income of Uttara Bank Limited were on average 68%. In appendix table-2, total operating income ranges from 3,143.92 to 6,520.09 million maintaining Tk. 4,838.28 million on an average with a standard deviation of Tk. 1,343.52 million per year. Moreover, significant changes have occurred in total operating income in each year. As here, FY2007 is the base year, so the changes in total operating income have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total operating income. In FY2011 the highest increased in total operating income have been occurred compared with the other FY. In addition, each FY the percentage change of total operating income is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's total operating income is increasing which leads to profit are adequate.

Graphical Presentation & Discussion of Total Operating Expenses:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Total operating expenses	1,677.68	1,807.34	2,092.24	2,741.42	3,369.75	2,337.69
Increase or Decrease		129.66	414.56	1,063.74	1,692.07	
Growth		8%	25%	63%	101%	49%

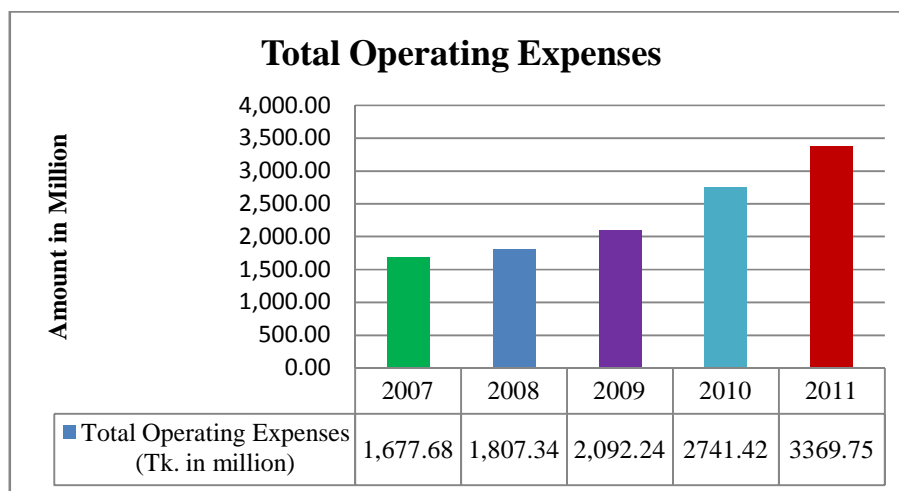


Figure: Total Operating Expenses (Amount in Million)

During the five years (2007-2011) of study the total growth of total operating expenses of Uttara Bank Limited were on average 49%. In appendix table-2, total operating expenses ranges from 1,677.68 to 3,369.75 million maintaining Tk. 2,337.69 million on an average with a standard deviation of Tk. 708.03 million per year. Moreover, significant changes have occurred in total operating expenses in each year. As here, FY2007 is the base year, so the changes in total operating expenses have been increased from FY2008 to FY2011. It has been clear that there is an increasing trend in the changes of total operating expenses. In FY2011 the highest increased in total operating expenses have been occurred compared with the other FY. In addition, each FY the percentage change of total operating expenses is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. In each year bank's total operating expenses is increasing, so the top management of UBL has to think about operating expenses and how to reduce total operating expenses.

Graphical Presentation & Discussion of Profit before Provision:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Profit before provision	1,466.24	2,305.62	2,513.88	3,066.88	3,150.34	2,500.59
Increase or Decrease		839.38	1,047.64	1,600.65	1,684.10	
Growth		57%	71%	109%	115%	88%

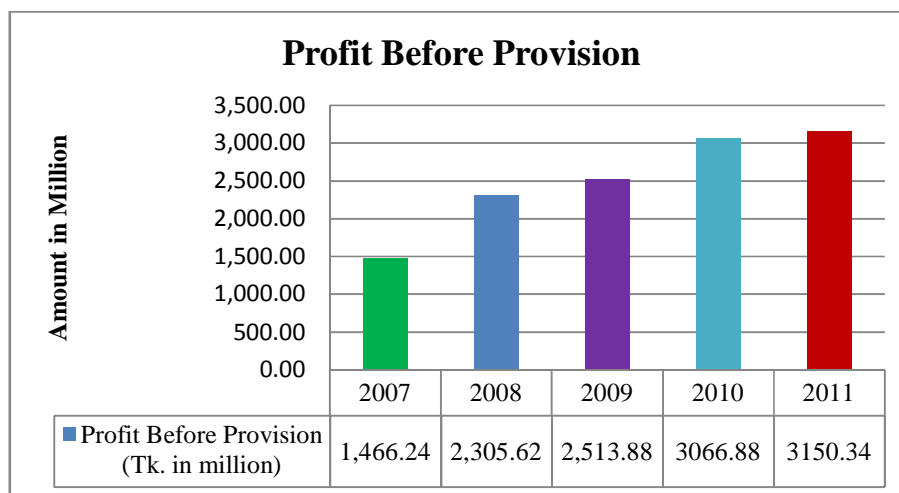


Figure: Profit before Provision (Amount in Million)

During the five years (2007-2011) of study the total growth of profit before provision of Uttara Bank Limited were on average 88%. In appendix table-2, profit before provision ranges from 1,466.24 to 3,150.34 million maintaining Tk. 2,500.59 million on an average with a standard deviation of Tk. 680.24 million per year. Moreover, significant changes have occurred in profit before provision in each year. As here, FY2007 is the base year, so the changes in profit before provision have been increased from FY2008 to FY2011. The changes of profit before provision is little close from FY2008-FY2009. The profit before provision was relatively same for FY 2008-FY 2009. In FY2011 the highest increased in profit before provision have been occurred compared with the other FY. In addition, each FY the percentage change of profit before provision is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011.

Graphical Presentation & Discussion of Profit before Tax:

Particulars	Year (Taka in Million)					Average
	2007	2008	2009	2010	2011	
Profit before tax	1,143.74	2,098.12	2,188.88	2,801.88	3,000.34	2,246.59
Increase or Decrease		954.38	1,045.14	1,658.15	1,856.60	
Growth		83%	91%	145%	162%	120%

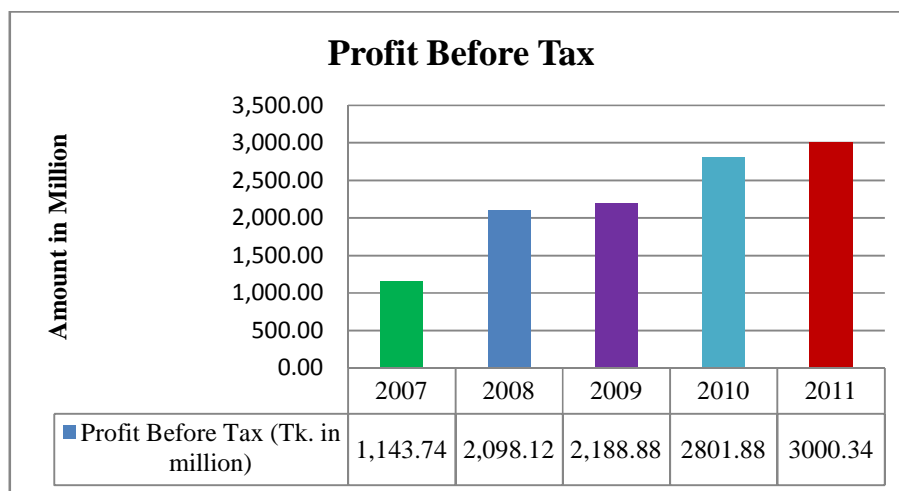


Figure: Profit before Tax (Amount in Million)

During the five years (2007-2011) of study the total growth profit before tax of Uttara Bank Limited were on average 120%. In appendix table-2, profit before tax ranges from 1,143.74 to 3,000.34 million maintaining Tk. 2,246.59 million on an average with a standard deviation of Tk. 727.69 million per year. Moreover, significant changes have occurred in profit before tax in each year. As here, FY2007 is the base year, so the changes in profit before tax have been increased from FY2008 to FY2011. The changes of profit before tax is little close from FY2008-FY2009. The profit before tax was relatively same for FY 2008-FY 2009. In FY2011 the highest increased in profit before tax have been occurred compared with the other FY. In addition, each FY the percentage change of profit before tax is increasing. It is very clear that an increasing upward trend is there from FY 2008 to FY 2011. So, in each year bank's profit before tax is increasing this gives an investor a good idea of increasing in profit from year to year.

Graphical Presentation & Discussion of Profit after Taxation:

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Average
Profit after taxation	409.54	1,138.52	1,105.23	1,551.88	1,650.34	1,171.10
Increase or Decrease		728.98	695.69	1,142.35	1,240.80	
Growth		178%	170%	279%	303%	233%

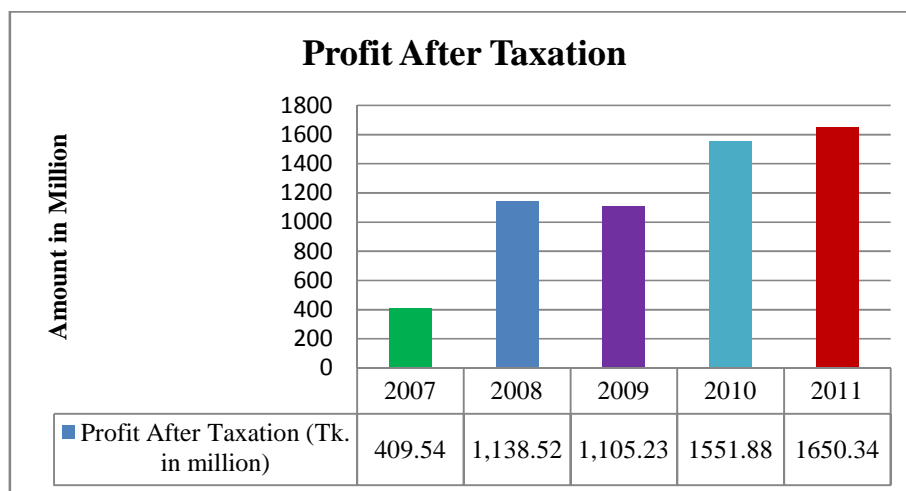


Figure: Profit after Taxation (Amount in Million)

During the five years (2007-2011) of study the total growth of profit after taxation of Uttara Bank Limited were on average 233%. In appendix table-2, profit after taxation ranges from 409.54 to 1,650.34 million maintaining Tk. 1,171.10 million on an average with a standard deviation of Tk. 489.90 million per year. Moreover, significant changes have occurred in net interest income in each year. As here, FY2007 is the base year, so the changes in profit after taxation have been increased from FY2009 to FY2011. It has been clear that there is an increasing trend in the changes of profit after taxation. In FY2011 the highest increased in profit after taxation income has been occurred compared with the other FY but FY 2008 changes in profit after taxation is higher than FY 2009 and lower than FY2010-FY2011. In addition, from FY 2009- FY 2011 the percentage change of profit after taxation is increasing. It is very clear that an increasing upward trend is there from FY 2009 to FY 2011. So, in each year bank's profit after taxation is increasing which makes the bank can invest more money for their business purpose as well as the bank can pay more dividends to their shareholders.

4.3 Ratio Analysis

A bank's balance sheet and profit and loss account are valuable information sources for identifying risk taking and assessing risk management effectiveness. Although the taka amounts found on these statements provide valuable insights into the performance and condition of a bank, financial analysts, bankers and bank supervisors typically use data from them to develop financial ratios to evaluate bank performance. This is done to provide perspective and facilitate making comparisons. There are literally hundreds useful financial ratios we can use to evaluate bank performance. However, in most instances, directors only need a few basic ratios to identify fundamental performance issues and help them formulate questions regarding any underlying problems and asking management's plans for correcting them. This section will discuss some selected ratios from various perspectives. From this various perspective Ratio Analysis can be dividing into five categories. These five categories are as follows:

Liquidity Ratios:	Efficiency Ratios:
<ul style="list-style-type: none">• Advances to Deposit• Liquid Asset to Liability• Advances to Liability	<ul style="list-style-type: none">• Operating Expense to Assets• Operating Expenses to Net Interest Income• Operating Expenses to Operating Income
Leverage Ratios:	Market Value Ratios:
<ul style="list-style-type: none">• Debt to Assets• Debt to Equity• Equity Multiplier	<ul style="list-style-type: none">• Earning per Share• Price Earning Ratio
Profitability Ratios:	
<ul style="list-style-type: none">• Return on Assets• Return on Equity• Return on Deposit• Net Interest Margin	<ul style="list-style-type: none">• Noninterest Income to Assets• Noninterest Income to Assets• Assets Utilization Ratio

Table: Selected financial ratios with their definitions

Symbol	Ratios	Numerator	Denominator	Indicator
ATD	Advances to Deposit	Total Advances	Total Deposits	Liquidity
LATL	Liquid Asset to Liability	Liquid Assets	Total Liabilities	Liquidity
ATL	Advances to Liability	Total Advances	Total Liabilities	Liquidity
OETA	Operating Expense to Assets	Total Operating Expense	Total Assets	Efficiency
OETNII	Operating Expenses to Net Interest Income	Total Operating Expense	Net Interest Income	Efficiency
OETOI	Operating Expenses to Operating Income	Total Operating Expense	Total Operating Income	Efficiency
DTA	Debt to Assets	Total Liabilities	Total Assets	Leverage
DTE	Debt to Equity	Total Liabilities	Share Holders' Equity	Leverage
EM	Equity Multiplier	Total Assets	Share Holders' Equity	Leverage
ROA	Return on Assets	Net Profit	Total Assets	Profitability
ROE	Return on Equity	Net Profit	Share Holders' Equity	Profitability
ROD	Return on Deposit	Net Profit	Total Deposits	Profitability
NIM	Net Interest Margin	Net Interest Income	Total Assets	Profitability
NITA	Noninterest Income to Assets	Noninterest Income	Total Assets	Profitability
NITOI	Noninterest Income to Operating Income	Noninterest Income	Total Operating Income	Profitability
AUR	Assets Utilization Ratio	Total Operating Income	Total Assets	Profitability
EPS	Earning per Share	Net Profit	Number of Shares Outstanding	Market Value
P/E	Price Earning Ratio	Market Price per Share	Earning per Share	Market Value
MVPS	Market Value per Share	Market Value per Share	Total Number of Share	Market Value

4.3.1 Liquidity Measurement

Liquidity ratios attempt to measure a company's ability to pay off its short-term debt obligations. This is done by comparing a company's most liquid assets (or, those that can be easily converted to cash), its short-term liabilities.

In general, the greater the coverage of liquid assets to short-term liabilities the better as it is a clear signal that a company can pay its debts that are coming due in the near future and still fund its ongoing operations. On the other hand, a company with a low coverage rate should raise a red flag for investors as it may be a sign that the company will have difficulty meeting running its operations, as well as meeting its obligations.

4.3.1.1 Advances to Deposits

Advance to Deposit (ATD) ratio is the most commonly used liquidity ratios of a bank. A low ratio of ATD indicates excess liquidity, and potentially low profits, compared to other banks. A high ATD ratio presents the risk that some loans may have to be sold at a loss to meet depositors' claims. The ATD ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
ATD	65.34%	73.09%	66.43%	73.89%	74.86%	70.72%

The bank's ATD ratio increases from FY2007 to FY 2008 and in FY2009 ATD ratio slightly fall after then it increases till FY2011. The highest ATD ratio was in FY2011 which surely helps to higher risks of loan losses but it also increases profits in that period. On an average, the bank maintained 70.72% ATD ratio which is moderate in terms of lesser risk and greater profits.

4.3.1.2 Liquid Asset to Liability

According to Bangladesh Banking companies Ordinance 1962, subject to amended time to time, liquid assets to commercial banks consists of cash in hand, statutory reserves (with Bangladesh Bank), balance with other banks, and money at call and short- notice and approved securities. This composition of liquid assets is known as structural allocation liquid assets. The Liquid

Assets to Liability (LATL) ratio used in this study is measured by taking the structural allocation of liquid assets. The LATL ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
LATL	13.30%	14.23%	11.81%	12.96%	17.22%	13.90%

The LATL ratios of UBL slightly decrease from FY2008 to FY2009 but after then it increases continuously till FY2011. The focus of the bank is to maintain sufficient liquidity rather than making higher profits with substantial risks. On an average, the bank maintained 13.90% LATL ratio which is good sign.

4.3.1.3 Advances to Liability

Advances to Liability (ATL) ratio is another tool for measuring the liquidity of a bank. The ATL ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
ATL	56.50%	67.83%	60.01%	66.82%	61.53%	62.54%

The ATL ratios of UBL ratio increases from FY2007 to FY 2008 and in FY2009 ATL ratio slightly fall after then it increases in FY2011 and then it decrease till FY2011. The highest ATL ratios was in FY2008 (68.83%) and lowest ATL ratios was in FY2007 (56.50%). On an average, the bank maintained 62.54% ATL ratio which is moderate in terms of lesser risk and greater profits.

4.3.2 Efficiency Measurement

The efficiency ratio, a ratio that typically applies to banks, in simple terms is defined as expenses as a percentage of revenue (expenses / revenue), with a few variations. A lower percentage is better since that means expenses are low and earnings are high. It relates to operating leverage, which measures the ratio between fixed costs and variable costs.

4.3.2.1 Operating Expenses to Operating Income

The Operating Expenses to Operating Income (OETOI) ratio is one of the most important tools for understanding the requirement of operating expense to generate operating income and it only considers operating activities other than non operating activities. The OETOI ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
OETOI	53.36%	43.94%	45.42%	47.20%	51.68%	48.32%

The OETOI ratios of UBL decreases from FY2007 to FY2010 (53.36% to 47.20%) but it slightly increase in FY 2011(51.68%). On an average, the bank maintained 48.32% OETOI ratio.

4.3.2.2 Operating Expenses to Assets

Operating Expenses to Assets (OETA) ratio is another important tool for measuring the efficiency of a bank. The smaller OETA ratio is better for the banks. The OETA ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
OETA	3.17%	3.09%	2.91%	3.37%	3.46%	3.20%

The OETA ratio of UBL is increasing from FY2007 (3.17%) to FY2008 (3.09%) and then it slightly decrease in FY2009 after that OETA ratio shows was increasing trend from FY2010 (3.37%) to FY2011 (3.46%). The lowest OETA ratio was 2.91% in FY2009 and the highest OETA ratio was 3.46% in FY2011. On an average, the bank maintained 3.20% OETA ratio.

4.3.2.3 Operating Expenses to Net Interest Income

Operating Expenses to Net Interest Income (OETNII) ratio is another important tool for measuring the operational efficiency. It is also a good measure for understanding the requirement of operating expense to generate the net interest income. The OETNII ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
OETNII	149.65%	95.94%	122.93%	145.67%	137.20%	130.28%

Since FY 2008 operating expense lower than net interest income which indicates an outstanding performance on the other hand in each FY operating expense exceeds net interest income. On an average, the bank maintained 130.28% OETA ratio which is bad sign.

4.3.3 Leverage Measurement

Leverage ratio used to calculate the financial leverage of a company to get an idea of the company's methods of financing or to measure its ability to meet financial obligations. There are several different ratios, but the main factors looked at include debt, equity, assets and interest expenses.

4.3.3.1 Debt to Assets

Debt to Assets (DTA) is important tools for measuring the leverage of a bank. The higher portion of DTA, the greater is the degree of risk because creditors must be satisfied before in the bankruptcy. The lower ratio of DTA provides to mitigate of protection for the supplier of debt. The DTA ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
DTA	95%	94%	91%	89%	90%	92%

The DTA ratio of UBL is decreasing at slower rate from FY2007 to FY2010 after then it slightly increase in FY 2011. The highest DTA ratio was 95% in FY2007 and lowest DTA ratio was 89% in FY2009. On an average, the bank maintained 92% DTA ratio.

4.3.3.2 Debt to Equity

Debt to Equity (DTE) ratio is used for measuring the financial performance of a bank because usually the portion of debt of a bank is significantly higher than the portion of its equities. The DTE ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
DTE	2054%	1484%	1059%	846%	911%	1271%

The DTE ratio of UBL is decreasing from FY 2007 to FY2010 after then it slightly increase in FY 2011. The highest DTE ratio was in FY2007 (2054%) and lowest DTE ratio was in FY 2010 (846%). On an average, the bank maintained 1271% DTE ratio.

4.3.3.3 Equity Multiplier

Equity Multiplier (EM) is very important indicator of evaluating a company's ability to use its debt for financing its assets. EM ratio is also known as the financial leverage ratio. A higher equity multiplier indicates higher financial leverage, which means the company is relying more on debt to finance its assets. The EM ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
EM	21.54	15.84	11.59	9.46	10.11	13.71

EM ratio UBL is continuously decreasing at an average 13.71 per year from FY2007 (21.54) to FY2010 (9.46) which was good sign for a bank but it slightly increases in FY2011 (2011). So, we observe that, now bank is relying more on debt to finance its assets which was bad sign for a bank. The highest EM ratio was 21.54 in FY2007 and the lowest EM ratio was 9.46 in FY2010.

4.3.4 Profitability Measurement

Profitability ratios measure a company's ability to generate earnings relative to sales, assets and equity. These ratios assess the ability of a company to generate earnings, profits and cash flows relative to relative to some metric, often the amount of money invested. They highlight how

effectively the profitability of a company is being managed. For most of these ratios, having a higher value relative to a competitor's ratio or the same ratio from a previous period is indicative that the company is doing well.

4.3.4.1 Return on Assets

Return on Assets (ROA) ratio is very important tools for measuring the profitability of a bank. The greater ROA ratio is better for the bank. The ROA ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
ROA	0.77%	1.95%	1.54%	1.91%	1.69%	1.57%

The ROA ratio of UBL was increasing from FY2007 (0.77%) to FY2008 (1.95%) and then it slightly decrease in FY 2009 (1.54%) after then ROA ratio was increasing in FY 2010. The ROA ratio of UBL is decreasing from FY2010 (1.91%) to FY2011 (1.69%) which is bad sign for a bank. So, we can observe that ROA ratios were fluctuating at an average rate of 1.57% per year. The highest ROA ratio was 1.95% in FY2009 and lowest ROA ratio was 0.77% in FY2007. On an average, the bank maintained 1.57% ROA ratio.

4.3.4.2 Return on Equity

Return on Equity (ROE) ratio is also very important tools for measuring the profitability of a bank. The greater ROE ratio is better for the bank. The ROE ratios of Uttara Bank Limited are given bellow:

Year	2007	2008	2009	2010	2011	Average
ROE	16.69%	30.86%	17.80%	18.02%	17.13%	20.10%

The ROE ratio of UBL was dramatically increases from FY2007 (16.69%) to FY2008 (30.86%) and then it significantly decrease in FY 2009 (17.80%) after then ROE ratio was increasing at a slower rate in FY 2010(18.20%). The ROE ratio of UBL is decreasing from FY2010 (18.20%) to FY2011 (17.13%) which is bad sign for a bank. So, we can observe that ROE ratios were

fluctuating at an average rate of 20.10% per year. The highest ROE ratio was 30.86% in FY2008 and lowest ROE ratio was 16.69% in FY2007

4.3.4.3 Return on Deposit

The most financial analysts, Return on Deposit (ROD) is one of the best measures of bank profitability performance. This ratio reflects the bank management ability to utilize the customers' deposits in order to generate profit. The ROD ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
ROD	0.94%	2.24%	1.86%	2.36%	2.29%	1.94%

The ROD ratio of UBL was dramatically increases from FY2007 (0.94%) to FY2008 (2.24%) and then it slightly decrease in FY2009 after that ROD ratio shows was increasing trend till FY2010 (2.36%). The ROD ratio of UBL was decreasing from FY2010 (2.36%) to FY2011 (2.29%) which is bad sign for a bank. The highest ROD ratio was 2.36% in FY2010 and the lowest ROD ratio was 0.94% in FY2007. On an average, the bank maintained 1.94% ROD ratio.

4.3.4.4 Net Interest Margin

Net Interest Margin (NIM) is very important tools for measuring banks profitability performance because small changes in a bank's lending margin can translate into large bottom line changes. The higher the ratio the cheaper the funding or higher the margin the bank is obtaining. A bank's net interest margin is a key performance measure that drives ROA. The NIM ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
NIM	2.12%	3.22%	2.37%	2.31%	2.52%	2.51%

The NIM ratio of UBL was increasing from FY2007 (2.12%) to FY2008 (3.22%) and then it shows decreasing trend from FY2008 (3.22%) to FY2010 (2.31%) after then it slightly increases till FY2011 (2.52%) which was good sign for a bank. The highest NIM ratio was 3.22% in

FY2008 and the lowest NIM ratio was 2.12% in FY2007. On an average, the bank maintained 2.51% NIM ratio.

4.3.4.5 Noninterest Income to Assets

Noninterest Income to Assets (NITA) is an indicator of the operational performance. It indicates the proportion of fees and other income in respect of total assets of banks. Highest NITA ratio is better for a bank. The NITA ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
NITA	3.83%	3.81%	4.04%	4.82%	4.17%	4.13%

The NITA ratio of UBL was decreasing from FY2007 (3.83%) to FY2008 (3.81%) and then it continuously increasing at an average rate of 4.13% per year but it slightly decreases in FY2011 (4.17%). The highest NITA ratio was 4.82% in FY2010 and the lowest NITA ratio was 3.81% in FY2008.

4.3.4.6 Noninterest Income to Operating Income

Noninterest Income to Operating Income (NITOI) is another indicator of the operational performance. It indicates to what extent fees and other income represent a percentage of operating income of banks. The NITOI ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
NITOI	64.34%	54.20%	63.05%	67.60%	62.33%	62.30%

The NITOI ratio of UBL was decreasing from FY2007 (64.34%) to FY2008 (54.20%) and then it continuously increasing at an average rate of 62.30% per year but it slightly decreases in FY2011 (62.33%). The highest NITOI ratio was 67.60% in FY2010 and the lowest NITOI ratio was 54.20% in FY2008.

4.3.4.7 Assets Utilization Ratio

Assets Utilization Ratio (AUR) indicates the proportion of total operating income to total assets. The higher AUR ratio is better for a bank. The AUR ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
AUR	5.95%	7.04%	6.40%	7.13%	6.69%	6.64%

AUR of Uttara Bank Limited is fluctuating at an average rate of 6.64% per year. The highest AUR ratio was 7.13% in FY2010 and the lowest AUR ratio was 5.95% in FY2007.

4.3.5 Market Value Measurement

Market value ratios evaluate the economic status of a company in the wider marketplace. Market value ratios include the earnings per share, price earnings ratio and market value per share. Market value ratios give management an idea of what the firm's investors think of the firm's performance and future prospects.

4.3.5.1 Price Earning Ratio

The Price Earning (P/E) Ratio of a stock is a measure of the price paid for a share relative to the annual Earnings per Share. The price-to-earnings ratio is widely used valuation multiple used for measuring the relative valuation of companies. A higher P/E ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with a lower P/E ratio. The P/E ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
P/E	4.73	2.38	2.10	30.76	13.55	10.70

P/E ratio of UBL was continuously decreasing at an average 10.70 (times) from FY2007 to FY2009 and then it dramatically increase in FY 2010(30.76 times) after that it sharply decreases in FY2011(13.55 times). The highest P/E ratio was 30.76 times in FY2010 and the lowest P/E ratio was 2.10 times in FY2009.

4.3.5.2 Earning per Share

Earnings per share (EPS) are the company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's value for a market. The EPS ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
EPS	102.56	142.56	69.19	5.40	5.74	65.09

EPS ratio of UBL was increasing from FY2007 (102.56 Tk.) to FY2008 (142.56 Tk.) and then it was decreasing till FY2010 after then EPS ratio slightly increase in FY2011 (5.74 Tk.). The highest EPS ratio was 142.56 taka per share in FY2008 and the lowest EPS ratio was 5.40 taka per share in FY2009. On an average, the bank maintained EPS ratio of 65.09 taka.

4.3.5.3 Market Value per Share

Market Value per Share (MVPS) is defined as the company's assessed market value divided by the total number of shares held by stock owners in the company. The market value per share is a financial metric that investors use to determine whether or not to purchase a stock. The MVPS ratios of Uttara Bank Limited are given below:

Year	2007	2008	2009	2010	2011	Average
MVPS	485.48	339.38	145.03	166.08	77.80	242.75

MVPS ratio of UBL continuously decreases till FY2009 and then it slightly increases in FY2010 (166.08 Tk.) after then MVPS ratio dramatically decreases in FY2011 (77.80 Tk.). The highest MVPS ratio was 485.48 taka per share in FY2007 and the lowest MVPS ratio was 77.80 taka per share in FY2011. On an average, the bank maintained MVPS ratio of 242.75 taka per share.

Chapter Five

Foreign Exchange Activities of Uttara Bank Limited

CHAPTER FIVE

FOREIGN EXCHANGE ACTIVITIES OF UTTARA BANK LIMITED

5.1 Definition of Foreign Exchange

Foreign exchange is the rate of exchange in the both country's currency.

Foreign Exchange is a process of converting one nation's currency into another and transferring money from one country to other countries.

As more than one currency is involved in foreign trade, it gives rise to exchange of currencies which is known as foreign exchange.

The term "Foreign Exchange" has three principal meanings-

Firstly, the term foreign exchange refers to the currencies of the other countries in terms of any single one currency. Bangladeshi taka, dollar, pound sterling etc. are foreign currencies and as such foreign exchange.

Secondly, the term also commonly refers to some instruments used in international trade, such as bill of exchange, drafts, traveler's cheques and other means of international remittance.

Thirdly, the term foreign exchange is also quite often referred to the balance in foreign currencies held by a country.

According to Mr. H. E. Evitt, Foreign Exchange is that section of economic science which deals with the means and methods by which rights to wealth in one country's currency are converted into rights to wealth in terms of another country's currency. It involves the investigation of the methods by which the currency of one country is exchanged for that of another country, the forms through which the exchanges may occur and the ratios or equivalent values at which such exchanges are affected.

5.2 Principles of Foreign Exchange

The following principles are involved in foreign exchange:

- ⇒ The entire system
- ⇒ The media
- ⇒ The monetary unit

5.3 Foreign Trade and Foreign Exchange

Foreign trade refers to trade between the residents of two different countries. Each country functions as a sovereign state with its set of regulations and currency. The difference in the nation of the exporter and the importer presents certain peculiar problems in the conduct of international trade and settlement of the transactions arising from there. Important among such problems are:

- ⇒ Different countries have different monetary units.
- ⇒ Restrictions imposed by countries on import and export of goods.
- ⇒ Restrictions imposed by nations on payment from and into their countries.
- ⇒ Differences in legal practices in different countries.
- ⇒ Foreign exchange means foreign currency and includes:-
- ⇒ Foreign exchange means foreign currency and includes:- All deposits, credits and balances payable in any foreign currency and any drafts, traveler's Cheques, letters of credit and bills of exchange, expressed or drawn in Bangladeshi currency but payable in any foreign currency.
- ⇒ Any instrument payable, at the option of the drawer or holder thereof or any other party thereto, either in Bangladeshi currency or in foreign currency or partly in one and partly in the other.
- ⇒ Thus, foreign exchange includes foreign currency; balances kept abroad and instruments payable in foreign currency.

5.4 Functions of Foreign Exchange

The Bank acts as a media for the system of foreign exchange policy. For this reason, the employee who is related with the Bank to foreign exchange, specially foreign business should have knowledge of these following functions :-

- Rate of exchange
- How the rate of exchange works
- Forward and spot rate
- Methods of quoting exchange rate
- Premium and discount

- Risk of exchange rate
- Causes of exchange rate
- Exchange control
- Convertibility
- Exchange position
- Intervention money
- Foreign exchange transaction
- Foreign exchange trading
- Export and import letter of credit
- Non-commercial letter of trade
- Financing of foreign trade
- Natures and functions of foreign exchange market
- Rules and Regulations used in foreign trade
- Exchange Arithmetic

5.5 Position of UBL in Foreign Exchange Business

Foreign exchange business is totally controlled by the Central Bank of Bangladesh (Bangladesh Bank). Central Bank permits some specific branches to perform the foreign trade. Those who have the authority to operate foreign trade business are known as AD branch. UBL is an AD Bank. UBL operates foreign exchange trade through its branches. To handle foreign exchange business effectively and efficiently, the Bank has developed a wide network of correspondents throughout the world. The Bank has more than 600 foreign correspondents worldwide.

UBL is equipped with all modern technologies & provides following international Banking services:

- ⇒ Plays a vital role in import, export and other foreign currency of the country through more than 200 foreign correspondents worldwide.
- ⇒ Renders fastest services to the exporter and importer through its SWIFT service.
- ⇒ Offers competitive price for importers and exporters.
- ⇒ Provides support to the exporter and importer by extending working capital, pre-shipment, post shipment facilities.
- ⇒ Uploads its commitment in international payment.

UBL has got its independent treasury and dealing room equipped with Reuters Dealings System and renders following facilities:

- ⇒ Providing effective services to the clients
- ⇒ Buying and selling of daily exchange rate
- ⇒ Forwarding covers at competitive price
- ⇒ Dealing foreign currency with central Bank, commercial Bank and other potential clients
- ⇒ Buying and selling third currency with all leading Banks worldwide
- ⇒ Covering exchange fluctuation risk by providing competitive premium

5.6 Foreign Exchange Transactions in UBL

The transactions of UBL in foreign exchange involve outward and inward remittance of foreign exchange from one country to another. UBL makes sales and purchases of equivalent foreign currencies on spot or forward basis. The sale involves exchange of foreign currency for home currency. The purchase involves exchange of home currency for foreign currency. The conversion of foreign currency into home currency takes place at an agreed rate of exchange which the Banker quotes, one for selling and another for buying, each one separately for spot transactions and forward transactions. There are three kinds of foreign exchange transaction:

Imports:

1. Opening of letter of credit
2. Advance bills
3. Bills for collection
4. Import loans and guarantees

Exports:

1. Pre-shipment advances
2. Purchase of foreign bills
3. Negotiations of foreign bills
4. Export guarantees
5. Advising/confirming letters – letters of credit
6. Advance for deferred payments exports

7. Advance against bills for collection

Remittances:

1. Issue of F.D.D, T.T, P.O etc.
2. Payment of F.D.D, T.T, P.O etc.
3. Issue and enhancement of traveler's Cheques
4. Sale and enhancement of foreign currency notes
5. Non-resident accounts

5.7 The most commonly used Documents in Foreign Exchange Business

- Documentary credit or letter of credit
- Bill of Exchange
- Bill of lading
- Commercial invoice
- Certificate of origin of goods
- Inspection certificate
- Packing list
- Insurance policy
- Proforma invoice/indent
- Master receipt
- G.S.P certificate

5.8 Brief discussion of some Documents mostly used in Export/ Import

In foreign exchange activities Bank mostly provides export and import facilities. For performing foreign exchange activities in a bank we require certain documents. Documents used in exports and imports are given bellow:

5.8.1 Documentary Credit or Letter of Credit (L/C)

A letter of credit is a definite undertaking of the issuing Bank to make payment for the import on behalf of the importer.

In other words, L/C is a letter of the issuing Bank to the beneficiary that undertakes to make payment under some agreed conditions.

L/C is an undertaking of the issuing Bank to the beneficiary to make payment or to accept bill of exchange.

L/C is also an authorization of the issuing Bank to another Bank to effect payment or to negotiate bill of exchange, against stipulated documents, complying credit terms.

L/C is called documentary letter of credit because the undertaking of the issuing Bank is subject to the presentation of some specified documents.

The applicant (importer) issues a L/C in favor of the beneficiary (exporter) by a Bank. The Bank, which opens or issue L/C is called L/C opening Bank.

Forms of L/C:

1. Revocable L/C: If any letter of credit can be amended or changed of any clause or canceled by consent of the exporter and importer is known as revocable letter of credit.

The terms and conditions of L/C can be changed at any time without the consent of or notice of the beneficiary. In case of seller (Beneficiary) revocable credit involves risk. A revocable credit may be amended or cancelled by the issuing Bank prior notice to the beneficiary. On the other hand revocable credit gives the buyer maximum flexibility. This kind of L/C does not exist in our country.

2. Irrevocable L/C: If any letter of credit cannot be changed or amendment without the consent of the importer and exporter is known as irrevocable letter of credit. The terms and conditions of L/C cannot be changed. This kind of L/C exists in Bangladesh. It is a definite undertaking of the issuing Bank, provided that the stipulated documents are presented to the nominated Bank. Once this commitment has been entered into, the Bank cannot disown its responsibility without the agreement of the beneficiary. A unilateral amendment or cancellation, as in the case of a revocable credit is not possible in case irrevocable, unconfirmed credit. Since under the documentary credit a debt relationship exists only between the issuing Bank and beneficiary, it is advisable to assess the issuing Banks standing as well as the sovereign and transfer risk of the country involved.

Types of L/C:

Letters of Credit are classified into various types according to the method of settlement employed. All credits must clearly indicate in major categories.

- ⇒ Sight payment credit
- ⇒ Deferred payment credit
- ⇒ Acceptance credit
- ⇒ Negotiation credit
- ⇒ Red clause credit
- ⇒ Revolving credit
- ⇒ Stand-by credit
- ⇒ Transferable credit
- ⇒ Back to back credit

Parties of L/C:

A letter of credit is issued by a Bank at the request of an importer in favor of an exporter from whom he has contracted to purchase some commodity or commodities. The importer, the exporter and the issuing Bank are parties to the letter of credit. There are however, one or more than one Banks that are involved in various capacities and at various stages to play an important role in the total operation of the credit.

Opening Bank: The opening Bank is one that issues the letter of credit at the request of the buyer. By issuing a letter of credit it takes upon itself the liability to pay the bills drawn under the credit. If the drafts are negotiated by another Bank, the opening Bank reimburses that Bank.

Advising Bank: It is the Bank through which the L/C is advised to the exporters. This Bank is actually situated in exporter's country. It may also assume the role of confirming and /or negotiating Bank depending upon the condition of the credit.

Buyer and Beneficiary: The importer at whose request a letter of credit is issued is known as the buyer. The exporter in whose favor the credit is opened and to whom the letter of credit is addressed is known as the beneficiary.

Paying Bank: The paying Bank only pays the drafts drawn under the credit.

Negotiating Bank: It is the Bank, which negotiates the bill and pays the amount of the beneficiary. The advising Bank and the negotiating Bank may or may not be the same. Sometimes it can also be confirming Bank.

Confirming Bank: It is the Bank, which adds its confirmation to the credit and it is done at the request of issuing Bank. Confirming Bank may or may not be advising Bank.

Reimbursing Bank: It is the Bank, which would reimburse the negotiating Bank after getting payment instructions from issuing Bank.

Contents of L/C:

Banks normally issued letter of credit (L/C) on forms which clearly indicate the Banks name and extent of the Banks obligation under the credit. The contents of the L/C of different Banks may be different. In general L/C contains the following information:-

Name of the buyer: The importer at whose request a letter of credit is issued is known as the buyer.

Name of the seller: The person who is also known as the beneficiary of the credit.

Trade terms: Such as F.O.B and CIF.

Tenor of the draft: Maturity period which is normally dependent upon the requirements of the buyer.

Expiration date: That specifies a latest date when documents may be presented. In this manner or by including additionally a latest shipping date, the buyer may exercise control over the time of shipment.

Documents required: That normally include commercial invoice consular or customers invoice, insurance policies as certificates, if the source is to be affected by the beneficiary and original bills of lading.

General description of the merchandise: That briefly and in a general manner duly describes the merchandise covered by a letter of credit.

5.8.2 Bill of Exchange

The bill of exchange is that particular instrument which is mostly used in both internal and international trade. The payment for the goods is received by the seller through the medium of a bill of exchange drawn on the buyer for the amount depending on the contract. It is a negotiable instrument. There are five main parties involved in a bill of exchange. They are:

- (a) Drawer
- (b) Drawee
- (c) Payee
- (d) Endorser
- (e) Endorsee

5.8.3 Bill of Lading

A bill of lading is a document that is usually stipulated in a credit when the goods are dispatched by sea. It is an evidence of contract of carriage, is a receipt for the goods, and is a document of title to the goods. It also constitutes a document that is, or may be, needed to support an insurance claim. The details on the bill of lading should include:

- ⇒ A description of the goods in general terms not inconsistent with in the credit.
- ⇒ Identify marks and numbers, if any.
- ⇒ The name of the carrying vessel.
- ⇒ Evidence that the goods have been loaded on board.
- ⇒ The ports of shipment and discharge.
- ⇒ The names of shipper, consignee and address of the notifying party.
- ⇒ Whether freight has been paid or is payable at destination.
- ⇒ The number of original bills of lading issued.
- ⇒ The date of issuance a bill of lading specifically stating that goods are loaded for ultimate destination specifically mentioned in the credit.

5.8.4 Airway Bill / Truck receipt

When goods to be transported are small in bulk or those are required speedy delivery or those are perishable in nature or the deal is in between the neighboring countries then mode of transports other than shipping may be resorted for the carriage of the goods. Airways bill / Truck receipt takes place depending on the nature of the carrier.

5.8.5 Commercial Invoice

A commercial invoice is the accounting document by which the seller charges the goods to the buyer. A commercial invoice normally includes the following information:

1. Date
2. Name and address of the buyer and seller
3. Order of contract number, quantity and description of the goods, unit price and the total price
4. Weight of the goods, number of the package, shipping marks and numbers
5. Terms of delivery and payment
6. Shipment details

5.8.6 Insurance Certificate

The insurance certificate document must be-

- ⇒ Specified in the credit.
- ⇒ An evidence for covering the risks specified in the credit.
- ⇒ Consistent with the other documents in its identification of the voyage and description of the goods.
- ⇒ A document issued and/or signed by an insurance company or its agent, or by underwriters.
- ⇒ Dated on or before the date of the shipment as evidenced by the shipping documents.
- ⇒ For an amount at least equal to the CIF value of the goods and in the currency of credit.

5.8.7 Certificate of Origin

This is a certificate issued by a recognized authority in exporting country certifying the country of origin of the goods. It is usually by the Chambers of Commerce. Sometimes, it is certified by local consul or Trade Representative of the importing country as per terms of the credit.

5.8.8 Inspection Certificate

This is usually issued by an independent inspection company located in the exporting country certifying or describing the quality, specification or other aspects of the goods, as called for the contract and the L/C. The inspection company is usually nominated by the buyer who also indicates the types of inspection he wishes the company to undertake.

5.8.9 Packing List

The exporter must prepare an accurate packing list showing item by item, the contents of the consignment to enable the receiver of the shipment to check the contents of the goods, number and marks of the package, quality, per package net weight, gross weight, measurement etc.

5.8.10 Weighting and Measurement

Issued by recognized authority (like chambers of commerce and industry) in exporting country certifying correct weighting and measurement of the goods those are to be exported.

5.8.11 Bill of Entry

A bill of entry is a document which contains the particulars of the imported goods as well as the amount of customs duty payable. The exporter submits the above papers/documents to the Negotiating Bank. The negotiating Bank after receiving the above documents / papers, then scrutinizes the documents. The negotiating Bank sends the original shipping documents to the L/C opening Bank and keeping the second copy with itself.

5.9 Import Section

Import is foreign goods and services purchased by consumers, firms & government in Bangladesh. An importer must have import registration certificate (IRC) given by chief controller of import and export (CCI & E) to import anything from other country. To obtain IRC the following certificates are required-

1. Trade License
2. Income tax clearance certificate
3. Nationality certificate
4. Bank solvency certificate
5. Asset certificate
6. Registration partnership deed (if any)
7. Memorandum and Article of Association
8. Certificate of Incorporation (if any)
9. Rent receipt of the business premises

5.9.1 Import Procedure

To import, a customer of Uttara Bank Ltd. requires-

1. Bank account
2. Import registration certificate
3. Taxpaying identification number
4. Proforma invoice/indent
5. Membership certificate
6. L/C application form duly attested
7. One set of form
8. Insurance cover note with money receipt
9. Others

5.9.2 Import Mechanism

To import, a person should be competent to be an importer. According to import and Export control Act 1950, the officer of chief controller of Import and Export provides the registration (IRC) to the importer. After obtaining this, person has to secure a letter of credit authorization (LCA) from Bangladesh Bank. And then the person becomes a qualified importer. He is the person who requests or instructs the Bank to open an L/C. He is also called opener or applicant of the credit.

5.9.3 Importer's Application for L/C Limit/Margin

To have an import L/C limit, an importer submits an application to the Bank furnishing the following information-

1. Full particulars of Bank account
2. Nature of business
3. Required amount of limit
4. Payment terms and conditions
5. Goods to be imported
6. Official security

7. Repayment schedule

A credit officer scrutinizes this application and accordingly prepares a proposal (CLP) and forwarded it to the head office credit committee (HOCC). The committee, if satisfied, sanctions the limit and return back to the branch. Thus, the importer is entitled for the limit.

5.9.4 Opening of Letter of Credit by Uttara Bank

The applicant (importer) issues a L/C in favor of the beneficiary (exporter) by a Bank. The Bank, which opens or issues L/C, is called L/C Opening Bank.

Opening of letter of credit means, at the request of issuing Bank, on receipt of the importer's L/C application supported by the firm contract (indent/proforma invoice) and insurance cover note, the Bank scrutinizes the same thoroughly and fix-up a margin on the basis of Bank customer relationship.

5.9.5 Procedure of Opening L/C

The importer after receiving the proforma invoice from the exporter, by applying for the issue of a documentary credit, the importer request his Bank to make a promise of payment to the supplier. Obviously, the Bank will only agree to this request if it can rely on reimbursement by the applicant. The bank accepts the credit against security because such an arrangement would involve the bank in excessive risk outside its specialist field. The applicant must therefore have adequate funds in the Bank account or a credit line sufficient to cover the required amount.

Banks deal in documents and not in goods. Once the Bank has issued the credits, its obligation to pay is conditional on the presentation of the stipulated documents within the prescribed time limit.

The importer submits the following documents before opening of the L/C:

- Tax Identification Number (TIN)
- Valid Trade License.
- Import Registration Certificate (IRC)

The Bank will supply the following documents before opening of the L/C:

- LCA form.
- Application and Agreement form.
- IMP form
- Necessary charge documents for documentation.

The above documents / papers must be completed duly signed and filled in by the party according to the instruction of the Banker.

5.9.6 The Points are to be checked by the Issuing Bank before Opening a L/C

- ⇒ L/C application properly stamped, signature verified and margin approved and properly retained.
- ⇒ Indent/proforma invoice signed by the importer and indenter/supplier.
- ⇒ Ensuring that the relevant particulars of L/C application are corresponding with those stipulated in indenter/proforma invoices.
- ⇒ Validity of L/C entitlement of goods, amount etc. conforms to the L/C application.
- ⇒ Conversion and rate of exchange currently applied.
- ⇒ Charges like commission, F.C.C, postage, telex charge, if any recovered.
- ⇒ Insurance cover note stipulates all information accordingly.
- ⇒ Incorporation of instruction for negotiating Bank as per Bank's existing arrangement.
- ⇒ Reimbursement instructions for reimbursing Bank.
- ⇒ If foreign Bank confirmation is required, necessary permission should be obtained and accordingly advising Bank is advised as per Bank's existing arrangement.
- ⇒ If added information is required on account of the applicant charges should be recovered from the applicant.
- ⇒ Mentioning rate of interest clearly in the letter of credit in case of issuance of L/C.

5.9.7 Liability of Issuing Bank

As per article 9a of UCPDC 500, an irrevocable credit constitutes a definite undertaking of the issuing Bank, provided that the stipulated documents comply with the terms and conditions of the credit.

5.9.8 Advising of Letter of Credit

Advising L/C means forwarding of a documentary letter of credit which is received from the issuing Bank to the beneficiary (exporter). Before advising a L/C, the advising Bank must see the following-

- ⇒ Signature of issuing Bank officials on the L/C and verified with the specimen signature book of the said Bank when L/C is received by airmail.
- ⇒ If the export L/C is intended to be an operative cable L/C, test code on the L/C invariably be agreed and authenticated by two authorized officers.
- ⇒ L/C scrutinized thoroughly complying with the requisites of concerned UCPDC provisions.
- ⇒ Entry made in the L/C advising register.
- ⇒ L/C advised to the beneficiary (exporter) promptly and advising charges recovered.

5.9.9 Advising Bank's Liability

Advising Bank's liability is fixed up in Uniform Customs and Practice for Documentary Credits (UCPDC), publication 500.

I. Article 7(a):

A credit may be advised to a beneficiary through another Bank (the "advising Bank") without engagement on the part of the advising Bank, but that Bank, if it elects to advise the credit, shall take reasonable care to check the apparent authenticity of the credit which it advises. If the Bank elects not to advise the credit, it must so inform the issuing Bank without delay.

II. Article 7(b):

If the advising Bank cannot establish such apparent authenticity it must inform, without delay, the Bank from which the instructions have been received that it has been unable to establish the

authenticity of the credit and if it elects nonetheless to advise the credit it must inform the beneficiary that it has not been able to establish the authenticity of the credit.

5.9.10 Adding Confirmation

Adding confirmation is done by the confirming Bank. Confirming Bank is a Bank which adds its confirmation to the credit and it is done at the request of the issuing Bank. The confirming Bank may or may not be the advising Bank. The advising Bank usually does not do it if there is not a prior arrangement with the issuing Bank. By being involved as a confirming agent the advising Bank undertakes to negotiate beneficiary's bill without recourse to him.

- Issue L/C and request to add confirmation
- Review the L/C terms
- Provide reimbursement
- Drafts to be drawn on L/C opening Bank
- Availability of credit facilities
- Line allocation from the business and ownership units in the importer's country
- Confirm and advise L/C

5.9.11 Amendments of Letter of Credit

After issuance and advising of a L/C, it may be felt necessary to delete, add or alter some of the clauses of the credit. All these modifications are communicated to the beneficiary through the same advising Bank of the credit. Such modifications to a credit are termed as amendment to a letter of credit.

There may be some of the conditions in a credit are not acceptable by the beneficiary. In that cases, beneficiary contacts with the applicant and requests applicant to approach his Banker with a written request for amendment to the credit. The issuing Bank scrutinizes the proposal for amendment and if the same is not in contradiction with the Exchange Control Regulation and Bank's interest, the Bank then proceed for amendment.

5.9.12 The Tasks are to be done by the Issuing Bank before Advising Amendments

- Written application from the applicant of the credit duly signed and verified by the Bank is to be obtained.
- Application for amendment (in case of increase of value) supported by revised indent/proforma invoice evidencing consent of the beneficiary is to be obtained.
- In case of extension of shipment period, it should ensure that relative LCA invalid/invalidated/increased up to the period of proposed extension.
- Amendments on increase of credit amount and extension of shipment period both the cases, amendment of insurance cover note also to be submitted.
- Proper recording and filling of amendment is to be maintained.
- Amendment charges (if on account of applicant) will be recovered and necessary voucher is to be passed.

5.9.13 The Clauses of L/C that are generally Amended

- Increase/decrease value of L/C and increase/decrease of quality of goods.
- Extension of shipment/negotiated period.
- Terms of delivery i.e. FOR, CFR, CIF etc.
- Mode of shipment.
- Inspection clause.
- Name and address of the supplier.
- Name of the reimbursing Bank.
- Name of the shipping line etc.

5.9.14 Settlement of Letter of Credit

Settlement means fulfillment of issuing Bank in regard to affecting payment subject to satisfying the credit terms. Settlement may be done under three separate arrangements as stipulated in the credit.

5.9.15 Settlement by Payment

Here the seller presents the documents to the nominated Bank and the Bank scrutinizes the documents. If satisfied, the nominated Bank makes payment to the beneficiary and in case this Bank is other than the issuing Bank, then sends the documents to the issuing Bank and claim reimbursement as per arrangement.

5.9.16 Settlement by Acceptance

Under this arrangement, the seller submits the documents evidencing the shipment to the accepting bank accompanied by draft down on the bank at specified tenor. After being satisfied with the documents, the bank accepts documents and draft and if it is a bank other than issuing Bank, then sends the documents to the issuing bank stating it has accepted the draft and maturity of the reimbursement that will be obtained in the pre-agreed manner.

5.9.17 Settlement by Negotiation

This settlement procedure starts with the submission of documents by the seller to the negotiating Bank. In a freely negotiable credit any bank can negotiate documents and if negotiation is restricted by the issuing bank, only nominated bank can negotiate the documents. After scrutinizing that the documents meet the credit requirement, the Bank may negotiate the documents and give value to the beneficiary. The negotiating Bank then sends the documents to the issuing Bank. As usual, reimbursement will be obtained in the pre-agreed manner. After realizing telex charge, service charge, interest and shipping documents is then stamped with PAD number and entered in the PAD register. Bank then informs the customer by calling on the Bank's counter and requests for retirement of the shipping documents. After passing the necessary vouchers, endorsements are made on the back of the bill of exchange as "receipt payment" and the bill of lading is endorsed to the effect "please deliver to the order of M/S..." by two authorized signatures. Then documents are delivered to the importer.

5.9.18 Payment Procedure of the Import Documents

This is the most sensitive task of the Import Department. The officials have to be very much careful while making payment. This task constitutes the following –

- ⇒ **Date of payment:** Usually payment is made within 7 days after the documents have been received.
- ⇒ **Preparing sale memo:** A sale memo is made at BC rate to the customer. As the T.T & OD rate are paid to the ID, the difference between these two rates is traded. Finally, an Inter Branch Exchange Trading Credit Advice is sent to ID.
- ⇒ **Requisition of the foreign currency:** For arranging necessary fund for payment, a requisition is sent to the International Department.
- ⇒ **Transmission of telex:** A telex is transmitted to the correspondent Bank ensuring that payment is being made.

5.10 Export Section

Practically by the term export we mean carrying out of anything from one country to another. From the Banker's point of view- export means sending of visible things outside the country for sale. Export trade plays a vital role in the development process of an economy. Although export trade is always encouraged, anybody cannot export anything to anyplace. Like importer, exporters are also required to get them registered before entering into export trade. Export Registration Certificate (ERC) given by CCI & E is required for this purpose. The required documents to be obtained ERC are almost same as IRC. When Ultra Bank (authorized dealer) receives a L/C (cable or original) it ascertains the correctness of the test number and the authorized signature. Then the Bank sends the original copy of the L/C to the beneficiary. The exporter presents the relative documents to the negotiation Bank after the shipment of the goods. The L/C issuing Bank undertakes to honor the obligations only if the beneficiary fulfills the conditions stipulated in the L/C. Even a slight deviation of the documents from these specified conditions in the L/C may give an excuse to the negotiating Bank. So the negotiating Bank must be careful, prompt, systematic and bias-free while scrutinizing the tender documents after careful examination of the documents. The Banker has to list out the discrepancies which may be classified as major or minor, irremovable or removable. The removable discrepancies can be

corrected by the tendered or future losses, which may arise due to non-interpretation of proceeds. The following types of discrepancies may be noted while the negotiating Bank examines the documents:

- ⇒ Expired L/C
- ⇒ Late shipment
- ⇒ Amount drawn in excess of the L/C
- ⇒ Bill of Exchange not properly drawn
- ⇒ Descriptions of the goods varied
- ⇒ Bill of lading classified
- ⇒ Insurance cover not as per terms of L/C
- ⇒ Insurance cover obtained after the Bill of lading or Air bill date
- ⇒ Enough number of copies not submitted as required by L/C
- ⇒ Negotiation under L/C restricted
- ⇒ Packing list and certificate of analysis not as per L/C
- ⇒ Documents not properly endorsed
- ⇒ Ineffective full shipment and part shipment prohibited
- ⇒ Gross weight and net weight shown in different documents varied
- ⇒ Some documents required by L/C not submitted and
- ⇒ Documents inadequately stamped
- ⇒ Document with major discrepancies, which could not be negotiated, should be sent on collection basis with the permission of the exporter.

5.10.1 Export Procedure

The import and export trade in our country are regulated by Import and Export (Control) Act, 1950. Under the export policy of Bangladesh the exporter has to get the valid Export Registration Certificate (ERC) from Chief Controller of Import & Export (CCI & E). The ERC is required to renew every year. The ERC number is to be incorporated on EXP forms and other papers connected with exports.

5.10.2 Registration of Exporters

For obtaining ERC indenting, Bangladeshi exporters are required to apply to the Controller/ Joint Controller/Deputy Controller/ Assistant Controller of Import & Export in the prescribed form along with following documents:

- ⇒ Nationality and Assets Certificate
- ⇒ Memorandum and Articles of Association and Certificate of Incorporation in case of Limited Company
- ⇒ Bank Certificate
- ⇒ Income Tax Certificate
- ⇒ Trade License etc.

5.10.3 Securing the Order

After getting the ERC the exporter may proceed to secure the export order. He can do this by contacting with the buyers directly or through agent. In this purpose exporter can get help from:

- ⇒ Liaison Office
- ⇒ Buyer's local agent
- ⇒ Export Promotion Organization
- ⇒ Bangladesh Mission Abroad
- ⇒ Chamber of Commerce (local & foreign)
- ⇒ Trade fair etc.

5.10.4 Signing the Contract

After communicating with buyer, the exporter has to make a contract with the buyer (through written or oral communication) for exporting exportable item (s) from Bangladesh detailing commodity, quantity, price, shipment, insurance and marks, inspection, arbitration etc. After getting contract for sale, the exporter should ask the buyer for opening letter of credit clearly stating terms and conditions of export and payment. The followings are the main points to be looked into for receiving/collecting export proceeds by means of documentary credit:

- ⇒ The terms of the L/C are in conformity with those of the contract.

⇒ The L/C is an irrevocable one, preferable confirmed by the advising Bank.

The L/C allows sufficient time for shipment and negotiation; Terms and conditions should be stated in contract clearly in case of other modes of payment:

⇒ Cash in advance

⇒ Open an account

⇒ Collection basis (documentary / clean);(Here the regulatory framework is URC – 525, ICC UBL publication)

5.10.5 Procuring the Materials

After making the deal and on the L/C opened in his favor, the next step for the exporter is to set about the task of procuring or manufacturing the contracted merchandise.

5.10.6 Shipment of Goods

After that the export should take the preparation for export arrangement for delivery goods as per L/C and INCO-terms, prepare and submit shipping documents for payment/negotiation in due time:

(1) EXP form, (2) ERC (valid), (3) L/C copy, (4) Customs duty certificate, (5) Shipping instruction, (6)Transport documents, (7) Invoice, (8) Other documents, (9) Bill of exchange (if required), (10) Certificate of origin, (11) Inspection Certificate, (12) Quality Control Certificate, (13) G.S.P Certificate, (14) Photo-sanitary Certificate.

5.10.7 Final Step

After those, exporter submits all these documents along with a letter of indemnity to Uttara Bank Ltd. for negotiation. An officer scrutinizes all the documents. If the document is a clean one, Uttara Bank Ltd. purchases the documents on the basis of Banker-Customer relationship. This is known as Foreign Documentary Bill Purchases (FDBP).

5.10.8 Foreign Documentary Bills for Collection

Uttara Bank Ltd. forwards the documents for collection due to the following reasons:

- ⇒ If the documents have discrepancies
- ⇒ If the exporter is a new client
- ⇒ If the Banker is in doubt after passing the above vouchers, an inter branch exchange trading debit advice is sent for debiting the NOSTRO account. Uttara Bank Ltd. has NOSTRO account with its reimbursing Bank (American Express Bank in New York). An FDBC register is maintained, where first entry is given when the documents are forwarded to the issuing Bank for collection and the second one is done after realization of the proceeds.

5.10.9 Export bill Security Sheet

Scrutinizes the export bill on the following points:

I. General

- ⇒ Late shipment
- ⇒ Late presentation
- ⇒ Expired L/C
- ⇒ Overdrawn L/C
- ⇒ Partial shipment or shipment beyond L/C terms

II. Bill of exchange

- ⇒ Amount of bill has varied with Invoice
- ⇒ Amount of bill has not drawn on L/C issuing Bank
- ⇒ Amount of bill has not signed by the beneficiary
- ⇒ Tenor or B/E is not identical with L/C
- ⇒ Full set of documents have not submitted
- ⇒ Invoice has not issued by the beneficiary
- ⇒ Invoice has not signed by the beneficiary
- ⇒ Invoice has not made out by the name of the applicant
- ⇒ Description, price, quantity, sales terms of the goods are not correspond to the credit
- ⇒ Not marked one fold as original
- ⇒ Shipping marks have varied with B/L & Packing list

III. Packing List

- ⇒ Gross weight, net weight & measurement, number of cartoons/packages are varied with B/L, have not marked one fold as original and have not signed by the beneficiary
- ⇒ Shipping marks have varied with B/L

IV. Bill of Lading/ Airway Bill

- ⇒ Full set of bill has not submitted
- ⇒ B/L has not drawn or endorsed
- ⇒ “Shipping on Board”, “Freight prepaid” or “Freight collect” etc. notations have not marked on the B/L
- ⇒ B/L have not indicated the name and capacity of the party i.e. carrier or master
- ⇒ Shipping on board notation have not showed name of pre-carriage vessel/intended vessel
- ⇒ Shipping on board notation is have not showed port of loading and vessel
- ⇒ Short form B/L
- ⇒ Charter party B/L
- ⇒ Description of goods in B/L have not agreed with that of invoice, B/E & P/L
- ⇒ Alteration in B/L has not authenticated
- ⇒ Loaded on deck
- ⇒ B/L bearing clauses or notations have expressly declared defective condition of the goods and /or the packages

V. Others:

- ⇒ Non-negotiable documents have not forwarded to buyers
- ⇒ Inadequate number of invoice, packing list & others have submitted
- ⇒ Short shipment certificate has not submitted

5.10.10 Settlement of Local Bill

The settlement of local bill is done in the following ways:

- ⇒ The customer submits the L/C to the Uttara Bank Ltd. along with the documents to negotiate.
- ⇒ Uttara Bank Ltd. officials scrutinize the documents to ensure the conformity with the terms and conditions.
- ⇒ The documents are then forwarded to the L/C opening Bank.
- ⇒ The L/C issuing Bank gives the acceptance and forwards an acceptance letter.
- ⇒ Payment is given to the customer on either by collection basis or by purchasing the documents.
- ⇒ A LBPD register is maintained to record the acceptance of the issuing Bank. Until the acceptance is obtained, the record is kept in a collection register.

5.10.11 Mode of Payment of Export Bills under L/C

The most common methods of payment under a L/C are as follows:

I. Sight payment credit:

In a sight payment credit, the Bank pays the stipulated sum immediately against the exporter's presentation of the documents.

II. Negotiation credit:

In negotiation credit, the exporter has to present a bill of exchange payable to him in addition to other documents that the Bank negotiated.

III. Deferred payment credit:

In deferred payment, the Bank agrees to pay on a specified future date or event, after presentation of the export documents. No bill of exchange is involved. In Uttara Bank Ltd. (UBL), payment is given to the party at the date of D.A 60-90-120-180 as the case may be. But the Head Office is paid at T.T clean rate. The difference between the two rates is the exchange trading for the branch.

IV. Acceptance credit:

In acceptance credit, the exporter presents a bill of exchange payable to himself and drawn at the agreed tenor (that is, on a specified future date event) on the Bank that accepts it. The Bank signs its acceptance on the bill and returns it to the exporter. The exporter can then represent it for payment on maturity. Alternatively, he can discount it in order to obtain immediate payment.

V. Advising L/C:

When exporter transmits L/C to the Bank for advising then Bank sends an advising letter to the beneficiary depicting that L/C has been issued.

VI. Test Key Arrangement:

Test Key Arrangement is a secret code maintained by the Banks for the authentication for their message. It is a systematic procedure by which attest number is given to authenticate the same test number by maintaining that same procedure. UBL has test key arrangements with so many Banks for the authentication of L/C messages and for making payment.

5.10.12 Back to Back Letter of Credit

A back to back letter of credit is a new credit. It is different from the original credit based on which the Bank undertakes the risk under the back to back credit. In this case, the Bank's main surety/security is original credit. The original credit (selling credit) and the back to back credit (buying credit) are separate instruments, independent of each other and in no way legally connected, although they both form part of the same business operation. The supplier (beneficiary of the back to back credit) ships goods to the importer or supplies goods to the exporter and presents documents to the Bank as is specified in the credit. It is intended that the exporter would substitute his own documents for negotiation under the original credit; his liability under the back to back credit would be adjusted out of these proceeds. The exporter L/C is marked lien and no margin is taken.

In UBL paper/documents are required to submit for opening of back to back L/C:

- ⇒ Master L/C
- ⇒ Valid Import Registration Certificate (IRC) & Export Registration Certificate (ERC)
- ⇒ L/C application & LCA form duly filled in and signed

- ⇒ Performa invoice and Indent
- ⇒ Insurance cover note with money receipt
- ⇒ IMP form duly signed

In addition to the above the following papers/documents are also required for export oriented garment industries while requesting for opening of back to back letter of credit-

- ⇒ Textile permission
- ⇒ Valid Boded Warehouse License
- ⇒ Quota allocation letter issued by Export Promotion Bureau (EPB) in favor of the applicant in case of quota items
- ⇒ In case the factory premises is a rented one, letter of disclaimer duly executed by the owner of the house/premises to be submitted

5.10.13 Defective Points or Clauses Appear in the Master L/C

- ⇒ Issuing Bank is not reputed
- ⇒ Advising credit by the advising Bank without authentication
- ⇒ Port of destination is absent
- ⇒ Inspection clause
- ⇒ Nomination of specific shipping or nomination of specified vessel by subsequent amendment
- ⇒ B/L blank endorse to be endorsed to buyer or to third party
- ⇒ No subsequent reimbursing clause
- ⇒ UCP clause not mentioned
- ⇒ Shipment/presentation period is not sufficient
- ⇒ Original document to be sent to buyer or nominated agent
- ⇒ L/C is expired in the country of the issuing Bank
- ⇒ Negotiation is restricted

5.10.14 Payment of Back to Back Letter of Credit

In case back to back as 60-90-120-180 days of maturity period, deferred payment is made. Payment is given after realizing export proceeds from the L/C issuing Bank. It may happen that the credit in favor of the seller is not transferable or although transferable, cannot meet commercial requirement by transfer in accordance with article 46 (UCP) conditions. The seller himself, however, is unable to supply the goods and needs to purchase them from, and make payable to, another supplier. In this case, it may sometime be possible to use either a back to back credit or a counter credit. Both these concepts involved the issue of a second credit by the seller in favor of his supplier. According to the back to back concept, the seller as the beneficiary of the credit offers it as security to the advising Bank for the issuance of the second credit. As application for this second credit, the seller is responsible for reimbursing the Bank for payment made under it, regardless of whether or not he himself is paid under the first credit. There is, however, no compulsion for the Bank to issue the second credit, and in fact, many Banks will not do so.

5.11 Remittance Section

Remittance is the act of transmitting money, bills and others as in satisfaction of a demand, or in discharge of an obligation. UBL is authorized dealer to deal in foreign exchange business. As an authorized dealer, a Bank must provide some services to the clients regarding foreign exchange and this department provides these services.

The basic function of this department are outward and inward remittance of foreign exchange from one country to another country. In this process of providing this remittance service, it sells and buys foreign currency. The conversion of one currency into another takes place at an agreed rate of exchange which the Banker quotes, one for buying and another for selling. In such transactions the foreign currencies are like other commodities offered for sales and purchase, the cost (convention value) being paid by the buyer in home currency, the legal tender.

5.11.1 Remittance Procedures of Foreign Currency

There are two types of remittance. These are:

1. Inward Remittance.
2. Outward Remittance

Inward Remittance

Inward remittance covers purchase of foreign currency in the form of foreign Telegraphic Transfer (T.T), Demand Draft (DD) and Bills & Travelers Cheque, Export Bill etc. sent from abroad favoring a beneficiary in Bangladesh. Purchase of foreign exchange is to be reported to Exchange Control Department of Bangladesh Bank from Letter of Credit (L/C). These are the formal channel of receiving inward remittance. A local Bank also receives indenting commission of local firm also comes under purview of inward remittance.

Mode of Inward Remittance:

1. Draft
2. Telegraphic Transfer (TT)
3. Bills and Travel's Cheque
4. Export proceed

Outward Remittance

Outward remittance covers sales of foreign currency by Authorized Dealer (AD) or formal channel through issuing foreign telegraphic Transfer (T.T), Demand Drafts (D.D), Traveler's Cheque etc. as well as sell of foreign exchange under L/C and against Import Bills retired. The demonstrated utmost caution to ensure that foreign currencies remitted or released by them are used only for the purpose for which they are released. Most outward remittance is approved by the authorized dealer on behalf of Bangladesh Bank.

Mode of Outward Remittance:

1. Demand Draft (DD)
2. Foreign Demand Draft (FDD)
3. Telegraphic Transfer (TT)
4. L/C

5.12 Overall Performance of Foreign Exchange of UBL (2007-2011)

Export Business of UBL (2007-2011):

Year	Amount in Million
2007	14,784.50
2008	15,039.60
2009	15,096.90
2010	12,986.70
2011	15,588.50

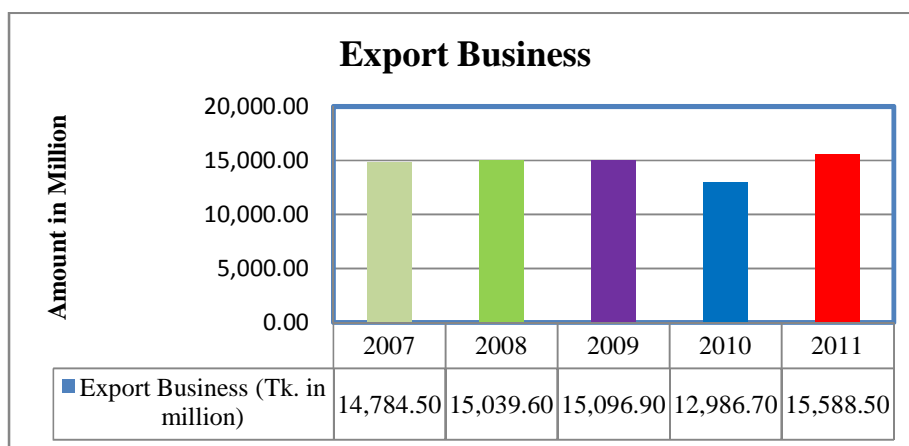


Figure: Export Business (2007-2011)

Import Business of UBL (2007-2011):

Year	Amount in Million
2007	25,407.90
2008	31,146.90
2009	29,129.30
2010	29,614.50
2011	33,037.60

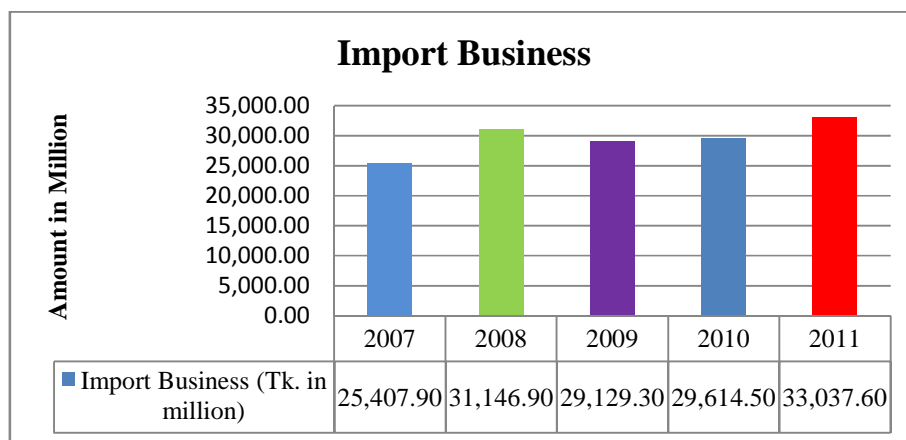


Figure: Import Business (2007-2011)

Foreign Remittance Business of UBL (2007-2011):

Year	Amount in Million
2007	29,575.30
2008	36,073.20
2009	44,635.30
2010	43,200.70
2011	37,848.70

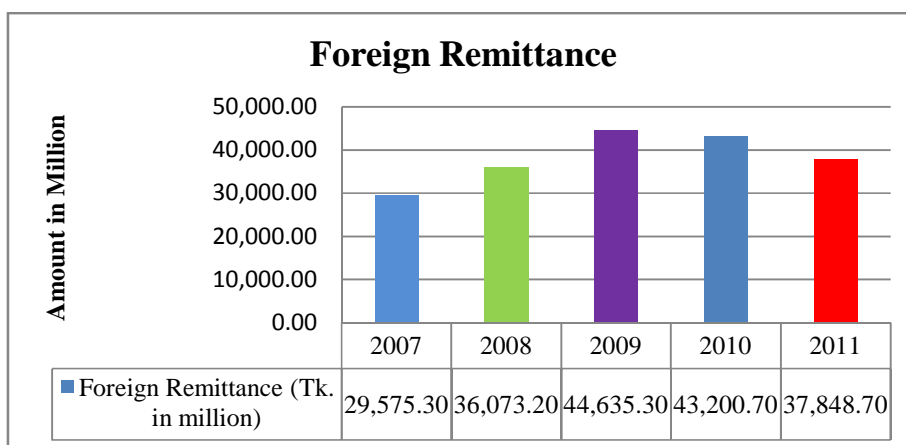


Figure: Foreign Remittance Business (2007-2011)

Chapter Six

SWOT Analysis

CHAPTER SIX

SWOT ANALYSIS

6.1 SWOT Analysis of Uttara Bank Limited

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. The SWOT analysis heading provide a good framework for reviewing strategy, position and direction of a company or business proposition or any other idea.

S=Strengths (Positive + Internal)

W= Weaknesses (Negative+ Internal)

O= Opportunities (Positive + External)

T= Threats (Negative+ External)

SWOT analysis of Uttara Bank Limited is given below:

Strengths:

- The Bank has been providing services successfully and has achieved goodwill in all over the country.
- Bank has a very competent and experienced top Management.
- UBL is operating their business all over the country with 211 branches.
- Stable Source of Funds
- Strong Liquidity Position
- Satisfactory Profitability
- Low Cost Fund

Weaknesses:

- The Bank does not have any formal promotional activity, does not give any sort of advertisement or does not have any marketing activity.
- There is no online and mobile banking facility.
- Limited number of ATM booth.
- The remuneration of the officers of Uttara Bank is lower compared to other private Banks. This is why high skilled human resources are discouraged to join here.
- The decision making of the Bank is too much centralized. No decision is made without the authorization of the head office.

Opportunities:

- Scope of whole sale banking with NBFIs (Non Banking Financial Institution).
- Increasing awareness of Banking system
- E-money facility
- Advanced credit card business
- Growing need for alternate banking channel
- Banks can offer new innovative products

Threats:

- Increased completion in the banking sector
- Many multinational banks operate their activities in the country.
- Many A/C holder trust to multinational bank rather than local commercial bank.
- Inadequate market information
- Third generation private commercial banks and their offering different types of attracting products.
- Large non-performing assets of public sector banks
- Money laundering has been identified as a major threat to the financial services community.
- Overall liquidity crisis in money market.

Chapter Seven

Concluding Remarks

CHAPTER SEVEN

CONCLUDING REMARKS

7.1 Findings

- UBL's property and assets is increasing year by year.
- Investment shows increasing trend.
- UBL's loans and advances is also increasing trend.
- Deposits and other account of UBL shows increasing trend.
- UBL's total liabilities and share holder's equity is increasing year by year.
- UBL's operating expenses is increasing year by year.
- UBL's net interest income is increasing year by year.
- Total operating income of UBL shows increasing trend.
- UBL's net profit is increasing year by year.
- UBL's operating expenses to net interest income ratio was very poor.
- Return on Assets (ROA) of UBL was not superior.
- UBL's market value per share is decreasing year by year.
- Insufficient usage of modern facility like communication technology.
- Little application of modern technology such as computer and internet.
- Poor condition of balance of payment.
- Lack of enthusiastic scheme for exporter and importer.
- Absence of attractive remuneration package.
- Network of corresponded banks is poor.
- Non-cooperation of government bodies.
- Lack of fair entrepreneur class.
- Knowledge of entrepreneur regarding foreign trade policy is limited.

7.2 Recommendations

It was really difficult for me to find out any significant negative sides of Uttara Bank Limited among its numerous positive sides in terms of efficiency, profitability and managing foreign exchange activities. However, there are few problems which need to be corrected by the management of the bank. Some necessary steps are recommended below on the basis of collected data, observation, expert officers' opinion and my knowledge and judgment.

- Horizontal analysis of total operating expense was increasing from FY2007 to FY2011 which was bad sign for a bank. The management of UBL should focus on slow down the increasing rate of total operating expense over the year by cutting down unnecessary costs.
- Horizontal analysis of total liabilities was increasing from FY2007 to FY2011 which was not superior for a bank. The management of UBL should focus on slow down the increasing rate of total liabilities.
- UBL should pay attention to reduce their operating expense to operating income ratio. This margin is categorized as unsatisfactory from FY2008 to FY2011. This ratio was increasing year by year which is bad sign for a bank. The bank may decrease this ratio either by increasing operating income by attracting more clients to invest or decreasing operating expense by making an optimum portfolio of investment which will reduce the overall expenses.
- UBL should pay attention to reduce their operating expense to asset ratio. This margin is not good enough from FY2008 to FY2011. This ratio was increasing year by year which is bad sign for a bank. The bank may reduce this ratio by increasing assets such as raise their cash, investment, loans and advances.
- Operating expenses to net interest income ratio was very poor because each year operating expense exceeds net interest incomes. UBL should pay attention to reduce this ratio by net interest income by attracting more clients to invest or decreasing operating expense.
- Return on Assets (ROA) of UBL was not superior. ROA ratio was decreasing FY2010 to FY2011. UBL should pay attention to increase this ratio because higher ROA ratio indicated bank is running well.

- Introducing new marketing strategy to attract more clients, this will increase the total export and import business.
- Attractive incentive package for the exporter, this will help to increase the export and accordingly it will diminish the balance of payment gap of UBL.
- Effective training is very much essential for the foreign exchange officials so that they can easily deal with their valuable customers.
- Online Banking system is very important to maintain secure foreign exchange operation for UBL.
- Introduction of various incentives to increase remittance.
- Foreign exchange operation is more dynamic, less time-consuming and challenging job for a bank. Uttara Bank Ltd. should pay more attention to cope up with modern facility to face the challenges.
- In our country, financial problem is a great constraint to foreign trade and UBL is very much conservative to post shipment finance. If the Bank takes a bit liberal position the exporter will easily come out from financial constraint.

7.3 Conclusion

The finding in this report cannot be taken as a conclusion and it will wrong to end here with such results. Because this study actually gives a simple picture and leaves room for further study in different areas of banking functions such as product of banks, productivity analysis, Data Environment analysis, CAMELS rating and more.

Banking sector is the chief financial intermediary in a country. It is a very challenging institution and in the age of globalization and free trade, the process and the system of running a Bank is changing. UBL already managed itself with this changing environment. The company strategies are clear and concise. The return is attractive for the bank. If the Bank goes this way, one can expect that in near future Uttara Bank Limited may become one of the top performers.

From the discussion it can be concluded that Uttara Bank Limited playing an important role in the economic development of the country and it has a prospect future to have a very good position in the Banking sector. To do this it should increase promotional activities to reach to the people easily as well as Uttara Bank Limited focus on major banking activities that may increase the bank ranking and financial performance position comparing with other banks. Such information assists the management of this bank in creating appropriate financial strategies for attaining the required planned financial performance.

The study provides bank managers with understanding of activities that would improve their bank's financial performance and foreign exchange operation. The results of this study imply that it might be necessary for the management of Uttara Bank Limited to take all required decisions by consistently observing key financial ratios, horizontal (trend) analysis among various elements and foreign exchange operation to enhance their position in the banking industry.

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Appendix

ACRONYMS

UBL- Uttara Bank Limited	TC- Travelers Cheque
A/C- Account	TIN- Tax Identification Number
BB L/C- Back to back Letter of Credit	TR- Truck Receipt
CFR- Cost & Freight	LCAF- Letter of Credit Authorization Form
CIB- Credit Information Bureau	ATD- Advances to Deposit
C&F- Clearing & Forwarding	LATL- Liquid Asset to Liability
EPB- Export Promotion Bureau	ATL- Advances to Liability
ERC- Export Registration Certificate	OETA- Operating Expense to Assets
SWIFT- Society for Worldwide Inter Bank Financial Telecommunication	OETNII- Operating Expenses to Net Interest Income
CCI&E- Chief Controller of Import and Export	OETOI- Operating Expenses to Operating Income
FC- Foreign Currency	DTA- Debt to Assets
ERC- Export Registration Certificate	DTE- Debt to Equity
FDD- Foreign Demand Draft	EM- Equity Multiplier
FOB- Free On Board	ROA- Return on Assets
HS Code- Harmonized system of coding	ROE- Return on Equity
IBC- Inward Bills for Collection	ROD- Return on Deposit
IBCA- Inter Branch Credit Advice	NIM- Net Interest Margin
IRDA- Inter Branch Debit Advice	NITA- Noninterest Income to Assets
IBCT- Inter Branch Credit Transaction	NITOI- Noninterest Income to Operating Income
IRC- Import Registration Certificate	AUR- Assets Utilization Ratio
OBC- Outward Bills for Collection	EPS- Earning per Share
PO- Payment Order	P/E- Price Earning Ratio
PAD- Payment Against Document	MVPS- Market Value per Share
CAMELS rating: C= Capital adequacy, A= Asset quality, M= Management quality, E= Earnings, L= Liquidity and S= Sensitivity to market risk.	

Appendix Table 1: Five Year at a Glance

(Figure in Million-where applicable)

Sl. No.	Particulars	2011	2010	2009	2008	2007
	Income Statement					
1	Gross Income	10,668.2	8,768.2	7,654.4	6,313.5	5,020.2
2	Gross Expenditure	7,517.9	5,701.3	5,140.5	4,007.9	3,554.0
3	Gross Profit	3,150.3	3,066.9	2,513.9	2,305.6	1,466.2
4	Pre-Tax Profit	3,000.3	2,801.9	2,188.9	2,098.1	1,143.7
5	Post-Tax Profit	1,650.3	1,551.9	1,105.2	1,138.5	409.5
	Balance Sheet					
6	Authorized Capital	5,000.0	5,000.0	3,200.0	1,600.0	1,000.0
7	Paid-up-capital	2,875.2	2,396.0	1,597.3	798.6	399.3
8	Statutory and Other Reserves	6,758.8	6,214.8	4,609.6	2,890.2	2,054.2
9	Shareholder's Equity	9,634.0	8,610.8	6,206.9	3,688.8	2,453.5
10	Deposit	72,152.4	65,868.0	59,387.3	50,817.0	43,586.4
11	Advances (Gross)	54,010.3	48,672.7	39,451.4	37,141.3	28,477.4
12	Investment	22,894.7	18,591.1	22,502.5	11,188.3	14,455.8
13	Guarantee Business	1,806.6	1,759.1	1,633.5	1,826.9	1,474.4
14	Export Business	15,588.5	12,986.7	15,096.9	15,039.6	14,784.5
15	Import Business	33,037.6	29,614.5	29,129.3	31,146.9	25,407.9
16	Foreign Remittance	37,848.7	43,200.7	44,635.3	36,073.2	29,575.3
17	Fixed Assets	2,762.2	2,798.1	1,088.4	1,065.7	1,014.0
18	Total Assets	97,417.9	81,451.8	71,946.0	58,444.3	52,860.3
19	Classified Loans and Advances	2,821.9	2,678.7	2,842.0	2,633.8	3,530.9
20	Total Off Balance Sheet Exposures	9,860.0	9,377.6	8,560.5	8,806.9	8,830.5
	BIS Capital Measures					
21	Required Capital	6,865.6	6,287.4	3,688.2	3,420.5	2,617.8
22	Actual Capital	9,117.4	7,912.7	5,829.0	4,048.4	2,746.7
	Credit Quality					
23	Required Provision against loans & advances	1,062.4	923.9	889.7	684.8	727.1
24	Provision Maintained	1,092.0	952.0	910.1	792.8	826.4
25	Required Provision against off Balance sheet exposures	98.6	93.8	85.6	88.1	44.2

Sl. No.	Particulars	2011	2010	2009	2008	2007
	Share Information					
26	Earning per Share (EPS)	5.74	5.40	69.19	142.56	102.56
27	Market value Per Share	77.80	166.08	145.03	339.38	485.48
28	Price Earning Ratio (Time)	13.55	30.76	2.10	2.38	4.73
29	Book Value Per Share (NAV)	33.51	29.95	25.91	23.09	30.72
	Operating Performance Ratio					
30	Advance-Deposit Ratio	0.75:1	0.74:1	0.66:1	0.73:1	0.65:1
31	Total Advance/Classified Advance %	5.22%	5.50%	7.20%	7.09%	12.40%
32	Total Advance/Classified Advance (net) %	3.20%	3.54%	4.90%	4.96%	9.50%
33	Income from equity	17.13%	18.02%	17.80%	30.86%	16.69%
34	Income from Assets	1.69%	1.91%	1.54%	1.95%	0.77%
	Other Information					
35	Number of shareholders	74,936	65,037	42,570	27,228	12,467
36	Number of Branches	211	211	211	207	207
37	Number of Employees	3,780	3,262	3,291	3,476	3,476
38	Human Resources Development	1,748	1,590	1,239	1,062	1,086

Appendix Table 2: Selected Financial Elements with Standard Deviation

Particulars	Year (Taka in Million)					
	2007	2008	2009	2010	2011	Std. Deviation
Cash	5,002.56	5,860.10	5,348.16	6,636.97	6,770.22	776.07
Investment	14,455.78	11,188.29	22,502.48	18,591.13	22,894.75	5,087.09
Loans & Advances	28,477.41	37,141.34	39,451.36	48,672.69	54,010.29	10,009.05
Fixed Assets	1,013.99	1,065.68	1,088.42	2,798.14	2,762.23	944.83
Total Assets	52,860.33	58,444.33	58,444.33	81,451.82	97,417.93	17,920.62
Total Liabilities	50,406.78	54,755.49	65,739.05	72,840.98	87,783.90	14,920.85
Total Share Holders' Equity	2,453.56	3,688.84	6,206.95	8,610.84	9,634.03	3,078.70
Total Liabilities & Share Holders' Equity	52,860.33	58,444.33	71,946.00	81,541.82	97,417.93	17,933
Net interest income	1,121.08	1,883.77	1,702.01	1,881.95	2,456.09	478.10
Total operating income	3,143.92	4,112.96	4,606.11	5,808.3	6,520.09	1,343.52
Total operating expenses	1,677.68	1,807.34	2,092.24	2,741.42	3,369.75	708.03
Profit before provision	1,466.24	2,305.62	2,513.88	3,066.88	3,150.34	680.24
Profit before tax	1,143.74	2,098.12	2,188.88	2,801.88	3,000.34	727.69
Profit after taxation	409.54	1,138.52	1,105.23	1,551.88	1,650.34	489.90